



**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 12/19/06  
AGENDA ITEM 4  
WORK SESSION ITEM \_\_\_\_\_

**TO:** Redevelopment Agency Board Members  
Mayor and City Council

**FROM:** Director of Community and Economic Development

**SUBJECT:** Adoption of the Annual Report of Redevelopment Agency Activities for  
FY 2005-06

**RECOMMENDATION:**

It is recommended that:

1. The Redevelopment Agency Board adopt the attached resolution approving the Annual Report of Redevelopment Agency Activities for FY 2005-06 and present it to the City Council; and
2. The City Council adopt the attached resolution to receive and to authorize staff to file the Annual Report of Redevelopment Agency Activities for FY 2005-06.

**BACKGROUND:**

California Redevelopment Law requires that the Redevelopment Agency present an Annual Report to the City Council, and that the City Council review the report and take any action which it deems appropriate. The report is then filed with the State Controller. The report contains four major components, including: 1) the Agency's Independent Financial Audit for FY 2005-06, 2) the Annual Report of Financial Transactions, which takes information from the audit and presents it in a format suitable for review by the State Controller, 3) the State Housing and Community Development (HCD) Annual Redevelopment Agencies Housing Activity Report, and 4) the Agency's Annual Statement of Indebtedness.

The Agency's independent financial audit is attached to the Annual Report as Appendix A. The audit reported no exceptions or findings in the Agency's financial reporting this year. The State Controller's Report of Financial Transactions (Appendix B) includes a narrative discussion of the Agency's activities, entitled The Project Area Report.

The Agency's total tax increment revenue in FY 2005-06 increased 30% from \$7.0 million to \$9.1 million over the prior fiscal year. The increase is reflective of increasing property values and development activity in the Downtown and in the Burbank and Mission-Foothill sub-areas. Approximately 43% of the tax increment is generated in the Downtown, 30% in the Cannery-

Burbank subarea, and 27% in the Mission-Foothill sub-area. The percentage of the tax increment generated by the two sub-areas relative to the Downtown is increasing over time, as the sub-areas are larger and experiencing increasing property values, and over the long-term there are more opportunities for new development. This is evidenced by the fact that in FY 2004-05 the Downtown generated 50% of the tax increment.

The Agency's expenditures from its capital projects and administrative fund were generally in line with the budget. A payment of \$529,767 was made to the Education Revenue Augmentation Fund (ERAF) as a result of the State's directive that required redevelopment agencies to shift property tax revenue to schools and community colleges. The State is not requiring this special ERAF payment in FY 2006-07; therefore funds that were previously budgeted for this payment have been directed to the Downtown Retail Attraction Initiative. In addition, the Agency made annual statutory pass-through payments this past fiscal year in the amount of \$485,091. These payments are based on the amount of tax increment the Agency receives and will continue to grow over time.

The major Redevelopment Project expenditures were for the continued implementation of the Cannery Area Plan and for the Cinema Place parking structure. A total of \$1,247,607 was expended for the new Burbank School including design, site clearance, and environmental testing and remediation; \$1,795,928 for Cannery Area street and infrastructure improvements; and \$34,557 for the Cannery Park expansion design. A total of approximately \$432,000 was expended for the design of the Cinema Place parking structure, site clearance, and environmental testing.

In FY 2005-06, the Agency also issued \$11.8 million in tax allocation bonds to cover construction cost increases associated with the Cannery Area projects and the Cinema Place parking structure. The net proceeds after issuance costs were \$10.7 million. Of this amount \$1.3 million was allocated for the Cinema Place parking structure, and the balance (\$9.4 million) was allocated for the new Burbank School, the expanded Cannery Park expansion, and related street and infrastructure improvements. The unexpended bond proceeds are reflected as an increase in the Agency's balance sheet assets and fund balances under the categories of "Restricted cash and investments with trustee" and will be spent after the 2004 tax allocation bonds are fully drawn down.

Information regarding the Agency's activities in support of affordable housing is included in Appendix B, and further reporting is contained in Appendix C: Agency's Activities Affecting Housing and Displacement.

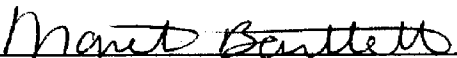
The major expenditure from the Low and Moderate Income Housing Fund was the final advance of \$600,000 from a loan in the amount of \$1.8 million to Eden Housing, Inc. for the Sara Conner Court (the remaining balance was funded during the previous fiscal year). The development includes 57 units of affordable rental housing for low income households. The total project cost was estimated at approximately \$18.6 million. Additionally, five loans totaling \$97,400 were funded under the First-Time Homebuyer program during FY 2005-06. These funds were leveraged with a total of \$1.3 million in private/public financing.

In addition to its 20% share of tax increment revenue, the Low and Moderate Income Housing Fund received revenue in the amount of approximately \$800,000 as the developer of Renaissance Walk completed making payments toward its \$2 million deferred land purchase payment with proceeds from the sales of the units. As a result of this payment, the report shows that there will be approximately \$.5 million in "excess surplus" in the Low and Moderate Housing Fund in FY 2006-07 unless these funds are committed by the end of the fiscal year. Excess surplus Low and Moderate Income Housing Funds are determined by formulas under Redevelopment law, and the funds must be expended within a three year time period. Recommendations for the use of these funds will be presented to the City Council/Agency Board during the course of the budget process.

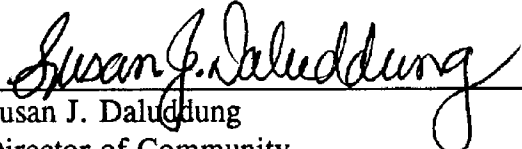
Appendix D contains the Statement of Indebtedness, which the Agency is required to file each year with Alameda County, and which provides the legal basis for the Agency to receive its tax increment revenue. The Statement includes all debt that the Agency has outstanding, including loans that the City made to the Agency during the early years of its operations when the Agency had very limited tax increment revenues. A significant portion of this amount relates to activities undertaken by the Agency over the period the Redevelopment Project Area has been in existence. In addition, the Statement also includes an estimate of the Agency's required set aside for the Low and Moderate Income Housing Fund for the duration of the Project. Although this appears as "debt", it is more akin to a reservation of future funding to assure compliance with the obligation to set aside funds for low- and moderate-income housing.

It is recommended that the Agency Board and the City Council review and adopt the Agency's Annual Report for FY 2005-06, which summarizes Agency activities, financing reporting requirements, and the status and use of the Low and Moderate Income Housing Fund.

Prepared by:

  
Maret Bartlett, Redevelopment Director

Recommended by:

  
Susan J. Daluddung  
Director of Community  
and Economic Development

Approved by:


  
Jesús Armas, City Manager

Exhibit A: Annual Report  
Resolutions

**EXHIBIT "A"**

**ANNUAL REPORT**

**OF**

**REDEVELOPMENT AGENCY ACTIVITIES**

**FOR**

**FY 2005-06**

Redevelopment Agency of the City of Hayward

December 2006

A. **Independent Financial Audit**

See Appendix A, Redevelopment Agency of the City of Hayward Component Unit Financial Statements for the Year Ended June 30, 2006, Independent Auditors' Report and Independent Auditors' Compliance Report.

B. **Annual Report of Financial Transactions for FY 2005-06**

See Appendix B, Annual Report of Financial Transactions of Community Redevelopment Agencies, Project Area Report, Report Regarding Progress in Alleviating Blight, Status of Loans, and Status of Agency-owned Property.

C. **Description of Agency's Activities Affecting Housing and Displacement**

See Appendix C, Annual Report of Housing Activity of Community Redevelopment Agencies.

D. **Statement of Indebtedness**

See Appendix D, Statement of Indebtedness for the 2005-06 Tax Year

**APPENDIX A**  
**INDEPENDENT FINANCIAL AUDIT**  
**FOR FY 2005-06**

Redevelopment Agency of the City of Hayward

December 2006

**REDEVELOPMENT AGENCY  
OF THE CITY OF HAYWARD  
COMPONENT UNIT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006**



**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD  
COMPONENT UNIT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006**

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## INDEPENDENT AUDITOR'S REPORT

Members of the Governing Board of the  
Redevelopment Agency of the  
City of Hayward, California

We have audited the accompanying component unit financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of Hayward (Agency), a component unit of the City of Hayward, as of and for the year ended June 30, 2006, as listed in the Table of Contents. These component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the component unit financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with Government Auditing Standards, we have also issued reports dated October 27, 2006 on our consideration of the Agency's internal control structure and on its compliance with laws and regulation.

In our opinion the component unit financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency at June 30, 2006 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Management's Discussion and Analysis is supplementary information required by the Government Accounting Standards Board, but is not part of the component unit financial statements. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

October 27, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Government Accounting Standards Board Statement 34 requires the Redevelopment Agency to provide this overview of the Agency's financial activities for the year ended June 30, 2006. Please read this overview in conjunction with your reading of the accompanying Basic Financial statements.

### **THE PURPOSE OF THE AGENCY**

The Hayward Redevelopment Agency functions as a division within the City of Hayward. The Agency is governed by the City Council, which sits in a separate capacity as the Agency's Board of Directors. City employees perform all the duties and functions required of the Agency. The Agency is a component unit of the City of Hayward.

The Agency's purpose under California law is to eliminate urban blight in the City of Hayward. The Agency is given certain powers under the law to assist it in that endeavor. The Agency may condemn property under certain circumstances as prescribed by the law, and it may incur indebtedness to finance its redevelopment activities. The Agency may not assess or receive property taxes, but it may receive any increases in property taxes over amounts received in the year before the property in the Agency's area became subject to redevelopment (called the Base Year). The increases are called Property Tax Increments. Twenty percent of the property tax increments received must be used to increase the supply of low and moderate income housing. The Agency must also make "pass through" payments to other pre-existing governmental entities within its redevelopment area, in accordance with statutory formulas.

### **FISCAL 2006 FINANCIAL HIGHLIGHTS**

Financial highlights of the year include the following:

#### *Agency-wide:*

- The Agency's net assets increased \$4.6 million to \$19.4 million in fiscal 2006.
- Total assets increased to \$81.7 million and liabilities amounted to \$62.3 million in fiscal 2006.
- Total Agency revenues were \$10.6 million and expenses \$6 million in fiscal 2006.

#### *Fund Basis:*

- General Capital Projects Fund revenues of \$9.3 million were \$3 million higher than the prior year, while expenditures of \$2.8 million were \$0.4 million lower than the prior year.
- General Capital Projects Fund other financing uses amounted to \$4.6 million in fiscal 2006, up \$3 million in transfers out over prior year.
- General Capital Projects Fund fund balance increased \$1.9 million.
- Tax Allocation Bonds (TABs) Capital Projects Fund revenues were \$830 thousand.
- TABs Capital Projects Fund expenditures of \$3.2 million were \$2.5 million lower than the prior year.
- TABs Capital Projects Fund other financing sources amounted to \$10.7 million due to \$11.8 million in new bond proceeds less \$1.1 million in transfers out.
- TABs Capital Projects Fund balance increased \$8.3 million.
- Low and Moderate Income Housing Fund revenues were \$0.8 million. The 20% set aside revenue totaled \$1.8 million and is a fund transfer in for fiscal 2006.
- Low and Moderate Income Housing Fund expenditures of \$379 thousand were \$1.2 million lower than the prior year.
- Low and Moderate Income Housing Fund ending fund balance increased to \$6.5 million, \$2.5 million higher than the prior year.
- Debt Service Fund transfers in were \$3.9 million in fiscal 2006, up \$2.3 million from the prior year.
- Debt Service Fund expenditures increased to \$3.2 million in fiscal 2006, \$1.5 million higher than the prior year.

## The Basic Financial Statements

The Basic Financial Statements comprise the Agency-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Agency's financial activities and financial position.

The Agency-wide Financial Statements provide a longer-term view of the Agency's activities as a whole and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the Agency as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the Agency's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the Agency's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

All of the Agency's activities are grouped into Government Activities.

The Fund Financial Statements report the Agency's operations in more detail than the Agency-wide statements and provide additional information not found in the government-wide financial statements. The Fund Financial Statements focus primarily on the short-term activities of the Agency's four Funds and measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the Agency and are presented individually, while the activities of any Non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. The Agency reports all four of its Funds as Major Funds; their purpose is explained in Note 1.C to the financial statements.

### *The Agency-wide Financial Statements*

The Statement of Net Assets and the Statement of Activities present information about the following:

- **Governmental activities**—All of the Agency's basic services are considered to be redevelopment activities. These services are supported by general Agency revenues such as property tax increments.

Agency-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the Agency as a whole.

### *Fund Financial Statements*

The Fund Financial Statements provide detailed information about each of the Agency's most significant funds, called Major Funds. The concept of major funds, and the determination of which funds are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually and presents the major activities of the Agency for the year, and may change from year to year as a result of changes in the pattern of Agency's activities.

All the Agency's Funds are Governmental Funds; financial statements for these Funds are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

## FINANCIAL ACTIVITIES OF THE AGENCY AS A WHOLE

**Cannery Area Public Facilities Projects:** The projects are located between B and C Streets, west of Filbert Street, and consist of three components: 1) a \$31.7 million construction of an approximately 80,000 square foot public elementary school to replace the existing Burbank School, 2) a \$4.7 million expansion of Cannery Park, with construction of new recreational elements, and joining it to the new Burbank School by vacating the existing Burbank Street, and 3) a \$5.7 million construction of new roads and infrastructure west and south of the new park and school, and the extension of Filbert Street from C Street to B Street. Upon completion of the school, the site and improvements are to be conveyed by the Agency to the School District in exchange for a portion of the current school site owned by the School District. The Agency has also agreed to deconstruct the current school site and advance funds to HARD to finance the cost of certain improvements to adjacent Cannery Park, jointly used by HARD and the School District. These projects were conceived and included in the Hayward Cannery Area Design Plan, which was adopted in 2001. The Cannery Area Design Plan was adopted in response to the closure of the 75+ acre Hunt-Wesson Cannery and the desire on the part of the City to convert the former industrial lands to residential use. The new facilities will serve both residents of the new development in the Cannery area as well as the existing Burbank neighborhood. The Burbank-Cannery area was added to the Hayward Redevelopment Project in 1998.

**Theater/Retail Complex (Cinema Place) and Parking Structure Project:** During October 2005, the Agency signed an agreement with a Developer to construct a Theater/ Retail Complex (Cinema Place) consisting of a twelve screen, 1800-seat movie theater and approximately 21,000 square feet of restaurant/retail space. The Agency is obligated to construct, operate, and maintain a proximate 241 stall, three-level, detached Parking Structure. Construction of the projects began this year on an Agency owned site (B & Foothill) consisting of a Theater/ Retail Complex parcel to be leased to the Developer and a Parking Structure parcel to be retained by the Agency.

**Renaissance Walk Project:** The Agency signed a Disposition and Development Agreement under which the developer has completed construction of a residential project consisting of 46 units. Each of the flats was sold to low or moderate-income families. 30 of the 46 units were sold in fiscal year 2004-05 and the remaining 16 were sold in 2005-06. The project was constructed on a site purchased from the Agency in fiscal 2003-04 for a promissory note, plus 50% of the net proceeds from sales of the housing units. The non-interest bearing promissory note consisted of the \$2 million sales price plus \$546 thousand in deferred development fees to the City. As of June 30, 2006, the Agency has collected on the entire promissory note.

Land Held for Redevelopment increased \$0.5 million due to a property acquisition located at 199 Filbert Street in connection with the Cannery Area projects.

This analysis focuses on the net assets and changes in net assets of the Agency's Governmental Activities in the Agency-wide Statement of Net Assets and Statement of Activities that follow.

The Agency's net assets increased 31% to \$19.4 million in 2006 from \$14.8 million in 2005. This increase is the Change in Net Assets reflected in the Statement of Activities, as explained below:

- Cash and investments increased \$11.2 million due primarily to 2006 TABS bond issue.
- Land Held for Redevelopment increased \$0.4 million due to additional acquisitions.
- Capital assets amounted to \$16.2 million, which increased \$3.2 million due to additions to construction in progress.

- Long-term payable to City decreased \$0.5 million due to \$1 million in scheduled repayments net of \$0.5 million in interest and other additions. Other payables and liabilities decreased \$0.5 million.
- Long-term debt increased \$11.2 million due primarily to 2006 TABs, net of other payments.
- Net assets invested in capital assets reflected only the investment in capital assets discussed above.
- Unrestricted net assets are normally the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements.

## **The Agency's Fund Financial Statements**

At June 30, 2006, the Agency's governmental funds reported combined fund balances of \$57.7 million, which is an increase of \$13.4 million over last year's combined fund balances. The change between this year's increase compared to last year's decrease in fund balance of \$3.2 million is represented by the following: a \$1.3 million increase in revenues, a \$2.6 million decrease in expenditures, a \$0.9 million decrease for capital asset changes, and \$11.8 million increase in other financing sources due to 2006 Tax Allocation Bond proceeds. Debt Service Fund expenditures of \$3.2 million were funded by transfers. Low and Moderate Income Housing Fund revenues exceeded expenditures by \$2.5 million.

Expenditures amounting to \$9.6 million in fiscal 2006 decreased \$2.6 million from the prior year in part from a \$4.1 million decrease in capital outlay and First-time Home Buyers expenditures combined with an overall increase of \$1.5 million in debt service.

The \$3.9 million transferred to the Redevelopment Agency Debt Service Fund was for debt service on Tax Allocation Bonds.

## **CAPITAL ASSETS**

Under GASB 34, the Agency is required to record all its capital assets, including infrastructure, at their historical cost, and to depreciate these assets over their estimated useful lives. These requirements do not take effect with respect to historical infrastructure costs until four years after the Agency implements GASB 34, but the Agency's has included these costs in the current year.

Capital assets of \$16.2 million at June 30, 2006 represent redevelopment projects in the Cannery/ Burbank project area, Cinema Place theater/ retail complex at B & Foothill, and 3<sup>rd</sup> level addition to B & Watkins parking structure that are subject to the depreciation requirements of GASB 34. Further detail on the Agency's capital assets may be found in Note 6 to the financial statements.

## **DEBT ADMINISTRATION**

The Agency's debt is discussed in detail in Note 7 to the financial statements. The Agency's outstanding debt consists of 2004 and 2006 Tax Allocation Bonds. The 2004 TABs have a remaining principal balance of \$44.2 million that bears interest at 3.0% to 5.23% and is due serially until 2034. The proceeds from these Bonds were used to refund and retire 1996 bonds and to finance various projects within the Redevelopment area. The 2006 TABs were issued this year to finance various projects within the Redevelopment area and have a principal balance of \$11.8 million that bears interest at 3.75% to 4.3% and is due serially until 2036. Both 2004 and 2006 bonds are secured by property tax increment revenues.

The Agency also has two long-term loans payable to the City which amount to \$4.4 million at June 30, 2006, subject to specific repayment terms described in Note 3 to the financial statements. Repayment of these loans is subordinated to debt service on the Bonds.

In addition, the Agency has a Repayment Agreement with the City under which \$11.2 million has been advanced to the Agency to pay for projects. The terms of the Repayment Agreement do not specify when repayment will occur for a portion of this amount. As a result, the advance has not been included in long-term debt.

#### **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

These Component Unit Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Agency's finances. Questions about this Report should be directed to the Finance Department, at 777 B Street, Hayward, California 94541

STATEMENT OF NET ASSETS AND  
STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities summarize the entire Agency's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the Agency's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis, the effect of all the Agency's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between Agency funds have been eliminated.

The Statement of Net Assets reports the difference between the Agency's total assets and the Agency's total liabilities, including all the Agency's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the Agency's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the Agency's Governmental Activities in a single column.

The Statement of Activities reports increases and decreases in the Agency's net assets. It is also prepared on the full accrual basis, which means it includes all the Agency's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the Agency's expenses that are listed by program first. Program revenue, that is, revenues which are generated directly by these programs are then deducted from program expenses to arrive at the net expense of each program. The Agency's general revenues are then listed and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

These financial statements along with the fund financial statements and footnotes are called *Component Unit Financial Statements*.



# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## STATEMENT OF NET ASSETS JUNE 30, 2006

### Governmental Activities

#### ASSETS

|                                                        |              |
|--------------------------------------------------------|--------------|
| Cash and investments available for operations (Note 2) | \$15,674,518 |
| Restricted cash and investments with trustee (Note 2)  | 42,186,331   |
| Accounts receivable                                    | 193,029      |
| Interest receivable                                    | 63,335       |
| Due from other governments                             | 645,895      |
| Other assets                                           | 22,000       |
| Long-term receivable due from City (Note 3)            |              |
| Due in one year                                        | 1,000        |
| Due in more than one year                              | 20,232       |
| Loans receivable (Note 5)                              | 2,266,992    |
| Land held for redevelopment (Note 5)                   | 4,434,795    |
| Capital assets not being depreciated (Note 6)          | 13,090,156   |
| Capital assets being depreciated (Note 6)              | 3,083,705    |
|                                                        | <hr/>        |
| Total assets                                           | 81,681,988   |

#### LIABILITIES

|                                    |            |
|------------------------------------|------------|
| Accounts payable                   | 290,452    |
| Accrued liabilities                | 545,922    |
| Interest payable                   | 782,401    |
| Refundable deposits                | 30,000     |
| Long-term payable to City (Note 3) |            |
| Due in one year                    | 275,673    |
| Due in more than one year          | 4,360,696  |
| Long-term debt (Note 7):           |            |
| Due within one year                | 610,000    |
| Due in more than one year          | 55,385,000 |
|                                    | <hr/>      |
| Total liabilities                  | 62,280,144 |

#### NET ASSETS

|                                 |              |
|---------------------------------|--------------|
| Restricted for:                 |              |
| Debt service                    | 4,847,849    |
| Low and moderate income housing | 6,513,722    |
|                                 | <hr/>        |
| Total restricted net assets     | 11,361,571   |
|                                 | <hr/>        |
| Unrestricted                    | 8,040,273    |
|                                 | <hr/>        |
| Total net assets                | \$19,401,844 |

See accompanying notes to financial statements

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2006

|                            | Governmental<br>Activities |
|----------------------------|----------------------------|
| Expenses:                  |                            |
| Redevelopment              | \$2,863,244                |
| Interest on long-term debt | <u>3,140,670</u>           |
| Total Expenses             | <u>6,003,914</u>           |
| General revenues:          |                            |
| Taxes:                     |                            |
| Incremental property tax   | 9,154,816                  |
| Investment earnings        | 1,268,472                  |
| Other                      | <u>160,721</u>             |
| Total general revenues     | <u>10,584,009</u>          |
| Change in Net Assets       | 4,580,095                  |
| Net Assets-Beginning       | <u>14,821,749</u>          |
| Net assets-Ending          | <u><u>\$19,401,844</u></u> |

See accompanying notes to financial statements

## REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

### FUND FINANCIAL STATEMENTS

GASB 34 revised the format of the Fund Financial Statements so that only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between Fund types and the practice of combining like funds and presenting their totals in separate columns (Combined Financial Statements) has been discontinued, along with the use of the General Fixed Assets and General Long-term Debt Account Groups.

All of the Agency funds were determined to be Major Funds in fiscal 2006. They are described below:

The **GENERAL CAPITAL PROJECTS FUND** accounts for all resources used in the acquisition and construction of major capital facilities and other fixed assets under the Redevelopment Plan.

The **TABS CAPITAL PROJECTS FUND** accounts for project costs financed by proceeds from the 2004 and 2006 Tax Allocation Bonds.

The **LOW-MODERATE INCOME HOUSING CAPITAL PROJECTS FUND** accounts for the receipt of the mandated 20% set-aside of tax increment revenue from the Redevelopment Project Area.

The **DEBT SERVICE FUND** accounts for the accumulation of resources for payment of principal, interest and related costs of the Agency's long-term debt.

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2006

|                                                        | General<br>Capital<br>Projects | TABs<br>Capital<br>Projects | Low and<br>Moderate<br>Income<br>Housing | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|--------------------------------------------------------|--------------------------------|-----------------------------|------------------------------------------|-------------------------|--------------------------------|
| <b>ASSETS</b>                                          |                                |                             |                                          |                         |                                |
| Cash and investments available for operations (Note 2) | \$8,535,771                    |                             | \$6,331,830                              | \$806,917               | \$15,674,518                   |
| Restricted cash and investments with trustee (Note 2)  |                                | \$38,145,399                |                                          | 4,040,932               | 42,186,331                     |
| Accounts receivable                                    |                                | 193,029                     |                                          |                         | 193,029                        |
| Interest receivable                                    | 31,741                         |                             | 31,594                                   |                         | 63,335                         |
| Due from City (Note 3)                                 |                                |                             | 1,000                                    |                         | 1,000                          |
| Due from other governments                             | 516,716                        |                             | 129,179                                  |                         | 645,895                        |
| Long-term receivable from City (Note 3)                |                                |                             | 20,232                                   |                         | 20,232                         |
| Loans receivable (Note 5)                              |                                |                             | 2,266,992                                |                         | 2,266,992                      |
| Land held for redevelopment (Note 5)                   | 1,913,946                      | 2,520,849                   |                                          |                         | 4,434,795                      |
| Other assets                                           |                                | 22,000                      |                                          |                         | 22,000                         |
| <b>Total Assets</b>                                    | <b>\$10,998,174</b>            | <b>\$40,881,277</b>         | <b>\$8,780,827</b>                       | <b>\$4,847,849</b>      | <b>\$65,508,127</b>            |
| <b>LIABILITIES</b>                                     |                                |                             |                                          |                         |                                |
| Accounts payable                                       | \$33,136                       | \$257,316                   |                                          |                         | \$290,452                      |
| Accrued liabilities                                    | 545,258                        | 551                         | \$113                                    |                         | 545,922                        |
| Deferred revenue                                       |                                |                             | 2,266,992                                |                         | 2,266,992                      |
| Refundable deposits                                    | 28,000                         | 2,000                       |                                          |                         | 30,000                         |
| Due to the City (Note 3)                               |                                | 275,673                     |                                          |                         | 275,673                        |
| Long-term payable to City (Note 3)                     | 4,360,696                      |                             |                                          |                         | 4,360,696                      |
| <b>Total Liabilities</b>                               | <b>4,967,090</b>               | <b>535,540</b>              | <b>2,267,105</b>                         |                         | <b>7,769,735</b>               |
| <b>FUND BALANCES</b>                                   |                                |                             |                                          |                         |                                |
| Fund balance                                           |                                |                             |                                          |                         |                                |
| Reserved for:                                          |                                |                             |                                          |                         |                                |
| Capital outlay                                         |                                | 37,802,888                  |                                          |                         | 37,802,888                     |
| Long-term receivables                                  |                                |                             | 20,232                                   |                         | 20,232                         |
| Prepaid deposits                                       |                                | 22,000                      |                                          |                         | 22,000                         |
| Land held for redevelopment                            | 1,913,946                      | 2,520,849                   |                                          |                         | 4,434,795                      |
| Low and moderate income housing                        |                                |                             | 6,493,490                                |                         | 6,493,490                      |
| Debt service                                           |                                |                             |                                          | \$4,847,849             | 4,847,849                      |
| Unreserved, undesignated                               | 4,117,138                      |                             |                                          |                         | 4,117,138                      |
| <b>TOTAL FUND BALANCES</b>                             | <b>6,031,084</b>               | <b>40,345,737</b>           | <b>6,513,722</b>                         | <b>4,847,849</b>        | <b>57,738,392</b>              |
| <b>Total Liabilities and Fund Balances</b>             | <b>\$10,998,174</b>            | <b>\$40,881,277</b>         | <b>\$8,780,827</b>                       | <b>\$4,847,849</b>      | <b>\$65,508,127</b>            |

See accompanying notes to financial statements

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## GOVERNMENTAL FUNDS BALANCE SHEET (Continued) JUNE 30, 2006

Total Fund Balances reported on the governmental funds balance sheet \$57,738,392

Amounts reported for Governmental Activities in the Statement of  
Net Assets are different from those reported in the Governmental Funds above because of the following:

### CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets  
or financial resources and therefore are not reported in the Governmental Funds. 16,173,861

### ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently  
are taken into revenue in the Statement of Activities.

|                  |           |
|------------------|-----------|
| Deferred revenue | 2,266,992 |
| Interest payable | (782,401) |

### LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore  
are not reported in the Funds:

|                |                     |
|----------------|---------------------|
| Long-term debt | <u>(55,995,000)</u> |
|----------------|---------------------|

|                                       |                            |
|---------------------------------------|----------------------------|
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u><u>\$19,401,844</u></u> |
|---------------------------------------|----------------------------|

See accompanying notes to financial statements

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2006

|                                                      | General<br>Capital<br>Projects | TABs<br>Capital<br>Projects | Low and<br>Moderate<br>Income<br>Housing | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|------------------------------------------------------|--------------------------------|-----------------------------|------------------------------------------|-------------------------|--------------------------------|
| REVENUES:                                            |                                |                             |                                          |                         |                                |
| Incremental property taxes                           | \$9,154,816                    |                             |                                          |                         | \$9,154,816                    |
| Interest                                             | 190,749                        | \$829,154                   | \$158,224                                | \$90,345                | 1,268,472                      |
| Charges for current services                         |                                | 830                         |                                          |                         | 830                            |
| Other                                                | 25                             |                             | 855,517                                  |                         | 855,542                        |
| Total Revenues                                       | <u>9,345,590</u>               | <u>829,984</u>              | <u>1,013,741</u>                         | <u>90,345</u>           | <u>11,279,660</u>              |
| EXPENDITURES:                                        |                                |                             |                                          |                         |                                |
| Current                                              |                                |                             |                                          |                         |                                |
| Redevelopment:                                       |                                |                             |                                          |                         |                                |
| Salaries and benefits                                | 405,255                        |                             | 63,106                                   |                         | 468,361                        |
| Services and supplies                                | 235,871                        |                             |                                          |                         | 235,871                        |
| Administrative charges from City of Hayward          | 474,089                        |                             | 60,000                                   |                         | 534,089                        |
| First-time Home Buyers Program                       |                                |                             | 166,101                                  |                         | 166,101                        |
| Pass-through payments (Note 9)                       | 485,091                        |                             |                                          |                         | 485,091                        |
| ERAF shift (Note 9)                                  | 742,147                        |                             |                                          |                         | 742,147                        |
| Capital outlay                                       | 187,508                        | 3,219,802                   | 89,873                                   |                         | 3,497,183                      |
| Debt service                                         |                                |                             |                                          |                         |                                |
| Principal                                            |                                |                             |                                          | 595,000                 | 595,000                        |
| Interest and fiscal charges                          | 260,791                        |                             |                                          | 2,647,374               | 2,908,165                      |
| Total Expenditures                                   | <u>2,790,752</u>               | <u>3,219,802</u>            | <u>379,080</u>                           | <u>3,242,374</u>        | <u>9,632,008</u>               |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | <u>6,554,838</u>               | <u>(2,389,818)</u>          | <u>634,661</u>                           | <u>(3,152,029)</u>      | <u>1,647,652</u>               |
| OTHER FINANCING SOURCES (USES):                      |                                |                             |                                          |                         |                                |
| Issuance of long term debt (Note 7)                  |                                | 11,800,000                  |                                          |                         | 11,800,000                     |
| Transfers in (Note 4)                                |                                |                             | 1,830,963                                | 3,909,771               | 5,740,734                      |
| Transfers (out) (Note 4)                             | (4,633,992)                    | (1,106,742)                 |                                          |                         | (5,740,734)                    |
| Total Other Financing Sources (Uses)                 | <u>(4,633,992)</u>             | <u>10,693,258</u>           | <u>1,830,963</u>                         | <u>3,909,771</u>        | <u>11,800,000</u>              |
| NET CHANGE IN FUND BALANCES                          | <u>1,920,846</u>               | <u>8,303,440</u>            | <u>2,465,624</u>                         | <u>757,742</u>          | <u>13,447,652</u>              |
| BEGINNING FUND BALANCES                              | <u>4,110,238</u>               | <u>32,042,297</u>           | <u>4,048,098</u>                         | <u>4,090,107</u>        | <u>44,290,740</u>              |
| ENDING FUND BALANCES                                 | <u>\$6,031,084</u>             | <u>\$40,345,737</u>         | <u>\$6,513,722</u>                       | <u>\$4,847,849</u>      | <u>\$57,738,392</u>            |

See accompanying notes to financial statements

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## Reconciliation of the NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS with the STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2006

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

|                                                        |              |
|--------------------------------------------------------|--------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$13,447,652 |
|--------------------------------------------------------|--------------|

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

### CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense

|                                                                          |           |
|--------------------------------------------------------------------------|-----------|
| The capital outlay expenditures are therefore added back to fund balance | 3,241,801 |
| Depreciation expense is deducted from the fund balance                   | (80,298)  |

### LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

|                                                           |              |
|-----------------------------------------------------------|--------------|
| Proceeds from long term debt                              | (11,800,000) |
| Repayment of debt principal is added back to fund balance | 595,000      |

### ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

|                  |           |
|------------------|-----------|
| Deferred revenue | (591,555) |
| Interest payable | (232,505) |

|                                                 |                    |
|-------------------------------------------------|--------------------|
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u>\$4,580,095</u> |
|-------------------------------------------------|--------------------|

See accompanying notes to financial statements

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

*A. Description of the Redevelopment Agency and Redevelopment Plan*

The Redevelopment Agency of the City of Hayward (the Agency) was created in December 1969 under the provisions of the Community Redevelopment Law (California Health and Safety Code), for clearance and rehabilitation of areas determined to be in a declining condition in the City of Hayward. A Redevelopment Plan was adopted in December of 1975 and amended in April of 1994 to provide an improved physical, social and economic environment in the Project Area. In November 1998 a redevelopment amendment added approximately 370 acres to the existing Project Area for the primary purpose of undertaking neighborhood preservation activities in the residential areas and facilitate reuse or redevelopment of certain industrial and commercial sites over time. In fiscal 2001-2002 the Agency amended its plan to increase the project area by an additional 738 acres near the Mission and Foothill Boulevard corridors extending north and south of the existing project area. As a result, the total acreage of the Redevelopment Project Area is 1,348 acres.

The Agency is authorized to finance the Redevelopment Plan from various sources, including assistance from the City, the State and federal government, property tax increments, interest income and the issuance of Agency notes and bonds.

The Agency is an integral part of the City of Hayward and, accordingly, the accompanying financial statements are included as a component of the basic financial statements prepared by the City. A component unit is a separate governmental unit, agency or nonprofit corporation which, when combined with all other component units, constitutes the reporting entity as defined in the City's basic financial statements.

*B. Basis of Presentation*

The Agency's Component Unit Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

**Government-wide Statements:** The Statement of Net Assets and the Statement of Activities include the financial activities of the overall Agency government. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the Agency. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.



**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)**

**C. Major Funds**

GASB Statement 34 defines major funds and requires that the Agency's major governmental-type funds be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The Agency may also select other funds it believes should be presented as major funds. The Agency selected the Low-Mod Income Housing Operating Fund to be treated as a major fund.

The Agency reported all of its governmental funds in the accompanying financial statements as major funds:

The **General Capital Projects Fund** accounts for all resources used in the acquisition and construction of major capital facilities and other fixed assets under the Redevelopment Plan.

The **TABS Capital Projects Fund** accounts for project costs financed by proceeds from the 2004 and 2006 Tax Allocation Bonds.

The **Low-Moderate Income Housing Capital Projects Fund** accounts for the receipt of the mandated 20% set-aside of tax increment revenue from the Redevelopment Project Area.

The **Debt Service Fund** accounts the accumulation of resources for and the payment of principal, interest and related costs of the Agency's long-term debt.

**D. Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The Agency considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include interest and charges for services.

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)**

Under the terms of grant agreements, the Agency may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and unrestricted redevelopment revenues. Thus, both restricted and unrestricted net assets are available to finance program expenditures. The Agency's policy is to first apply restricted grant resources to such programs, followed by unrestricted redevelopment revenues if necessary.

**E. Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. The Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

With the implementation of GASB Statement 34, the Agency is required to record all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks and drainage systems. Infrastructure assets are transferred to the City upon completion as the City will maintain them. GASB 34 required such assets to be excluded from the Agency's financial statements and included in the City's financial statements.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Alternatively, the "modified approach" may be used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Agency has assigned the useful lives listed below to capital assets.

|              |             |
|--------------|-------------|
| Buildings    | 10-50 years |
| Improvements | 10-50 years |
| Equipment    | 7-50 years  |

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

#### F. *Net Assets*

GASB Statement 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net Assets is the excess of all the Agency's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

*Invested in Capital Assets, net of related debt* describes the portion of Net Assets which is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency cannot unilaterally alter. These principally include resources received for debt service requirements; redevelopment funds restricted to low and moderate income purposes.

*Unrestricted* describes the portion of Net Assets which is not restricted as to use.

#### G. *Fund Balance Reserves and Designations*

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds.

Designations are imposed by the Redevelopment Agency to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by the Redevelopment Agency.

#### H. *Budgets and Budgetary Accounting*

The Agency adopts an annual operating budget, effective July 1, for the ensuing fiscal year for the Capital Projects Funds and Debt Service Fund.

The Agency Executive Director may transfer appropriations from one program, activity, or object to another within the same fund. However, transfers of appropriations which increase total fund appropriations must be approved by the Agency Board. Expenditures which exceed appropriations at the fund level must be approved by the Agency Board. All unexpended appropriations lapse at the end of the fiscal year.

Budgets versus actual comparisons for capital projects and debt service funds are excluded from these financial statements as generally accepted accounting principals which do not require such presentations.

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)**

**I. Property Tax Increment**

All property taxes are levied and collected by the County Auditor of the County of Alameda and paid to the various taxing entities including the Agency. Secured taxes are due on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured taxes are due on July 1 and become delinquent on August 31. The lien date for secured and unsecured property taxes is January 1 of the preceding fiscal year. Property tax increment revenues include only property taxes resulting from increased assessed values and are recognized in the fiscal year for which the taxes have been levied, provided they become available and measurable within the current period or soon enough thereafter to be used to pay liabilities of the current period.

- J. Accumulated unpaid vacation and sick pay benefits** are recorded in the capital projects funds and are expected to be liquidated with available expendable resources.

**NOTE 2 - CASH AND INVESTMENTS**

The Agency's dependence on incremental property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The Agency pools cash from all sources and all funds except cash held by the Trustees so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. Investments are carried at fair value.

**A. Policies**

The Agency invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the Agency employs the Trust Department of a bank as the custodian of all Agency managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Agency's cash on deposit or first trust deed mortgage notes with a value of 150% of the Agency's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the Agency's name and places the Agency ahead of general creditors of the institution pledging the collateral.

The Agency's investments are carried at fair value, as required by generally accepted accounting principles. The Agency adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year. In the Agency's case fair value equals fair market value, since all of the Agency's investments are readily marketable.

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

*B. Classification*

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of Agency debt instruments or Agency agreements.

|                                               | 2006                |
|-----------------------------------------------|---------------------|
| City of Hayward Treasury                      | \$14,975,788        |
| California Local Agency Investment Fund       | 698,730             |
| Cash and investments available for operations | 15,674,518          |
| Restricted cash and investments               | 42,186,331          |
| Total Cash and Investments                    | <u>\$57,860,849</u> |

*C. Investments Authorized by Debt Agreements*

The Agency must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the Agency fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Agency resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

| Authorized Investment Type              | Maximum Maturity | Minimum Credit Quality |
|-----------------------------------------|------------------|------------------------|
| U.S. Treasury Obligations               | No limit         | No limit               |
| U.S. Government Agency Obligations      | No limit         | No limit               |
| U.S. Government Sponsored Obligations   | No limit         | No limit               |
| Money Market Mutual Funds               | No limit         | AAM                    |
| Collateralized Certificates of Deposits | No limit         | No limit               |
| FDIC Insured Deposits                   | No limit         | No limit               |
| Investment Agreements                   | No limit         | No limit               |
| Commercial Paper                        | No limit         | A-1                    |
| State or Municipal bonds                | No limit         | Two Highest Categories |
| Bankers Acceptances or Federal Funds    | 1 year           | A-1                    |
| Repurchase Agreements                   | 30 days          | A                      |
| California Local Agency Investment Fund | No limit         | No limit               |

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

*D. Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity date:

|                                             | Market Value        | Maturity Date    |
|---------------------------------------------|---------------------|------------------|
| <i>Investments:</i>                         |                     |                  |
| Guaranteed Investment Contract              | \$3,374,432         | March 1, 2034    |
| Guaranteed Investment Contract              | 27,450,141          | December 1, 2006 |
| California Local Agency Investment Fund     | 698,730             |                  |
| Money Market Mutual Funds (U.S. Securities) | 11,361,758          |                  |
| City of Hayward Treasury                    | 14,975,788          |                  |
| Total Investments                           | <u>\$57,860,849</u> |                  |

The Agency participates in the City of Hayward Cash and Investments pool, detail of which is presented in the City's Comprehensive Annual Financial Report.

Money market funds are available for withdrawal on demand and at June 30, 2006, matured in an average of 26 days.

*F. Credit Risk*

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 20, 2006 for Money Market Funds are AAAm as provided by Standard and Poor's investment rating system. The Local Agency Investment Fund and Guaranteed Investment Contracts were not rated as of June 30, 2006.

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

*G. Concentration Risk*

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, mutual funds, are set forth below:

| Reporting Unit             | Issuer                   | Investment Type                | Reported Amount |
|----------------------------|--------------------------|--------------------------------|-----------------|
| <b>Entity-wide:</b>        |                          |                                |                 |
|                            | AIG Matched Funding Corp | Guaranteed Investment Contract | \$3,374,432     |
|                            | MBIA, Inc                | Guaranteed Investment Contract | 27,450,141      |
| <b>Major Funds:</b>        |                          |                                |                 |
| 2004 TABS Capital Projects |                          |                                |                 |
|                            | MBIA, Inc                | Guaranteed Investment Contract | 27,450,141      |
| Debt Service Fund          |                          |                                |                 |
|                            | AIG Matched Funding Corp | Guaranteed Investment Contract | 3,374,432       |

**NOTE 3 - RECEIVABLES FROM/PAYABLES TO THE CITY OF HAYWARD**

*A. Interfund Payables and Receivables to (from) the City*

As of June 30, 2006, the TABs Capital Projects Fund owed the City's General Fund \$275,673 and the City's HOME Special Revenue Fund owed the Low and Moderate Income Housing Fund \$1,000. Both balances are expected to be repaid in the next fiscal year.

*B. Long Term Receivable Due from City*

In prior years, the Agency loaned funds to the City's General Fund for use as loans to homebuyers and third-party contractors for the purpose of promoting homeownership in the City and developing low and moderate income housing. Such funds are repaid to the Agency by the City as repayment is received from the loan recipients. At June 30, 2006, \$20,232 of the loan was outstanding.

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
Notes to Financial Statements

**NOTE 3 - RECEIVABLES FROM/PAYABLES TO THE CITY OF HAYWARD**

*C. Long term Payable to City*

The City has made various loans and advances to finance Agency operations and consist of the following:

| Type of Obligation                   | Maturity | Interest Rates | Authorized and Issued | Outstanding at June 30, 2005 | Interest & Additions | Retirements        | Outstanding at June 30, 2006 |
|--------------------------------------|----------|----------------|-----------------------|------------------------------|----------------------|--------------------|------------------------------|
| <b>Loans Payable to the City</b>     |          |                |                       |                              |                      |                    |                              |
| 1990 Water Enterprise Fund Loan ((a) | 6/1/2013 | Varies         | \$5,946,333           | \$2,478,196                  | \$194,000            | \$544,000          | \$2,128,196                  |
| 2003 Sewer Fund Loan (b)             | 3/31/10  | 2.25% to 3%    | 2,350,000             | 2,350,000                    | 66,790               | 184,290            | 2,232,500                    |
| Deferred Development fees(c)         | 7/30/05  | none           | 546,715               | 325,163                      |                      | 325,163            |                              |
| Total loans payable to City          |          |                |                       | <u>\$5,153,359</u>           | <u>\$260,790</u>     | <u>\$1,053,453</u> | <u>\$4,360,696</u>           |

- a. In 1990, the City's Water Enterprise Fund made a loan to the Agency to finance the purchase of land for development. Scheduled debt service payments for the loan are being made from available incremental property tax revenues.
- b. During fiscal 2002-2003, the Sewer Enterprise Fund loaned \$2.35 million to the Redevelopment Agency pursuant to a City Council resolution to partially finance sidewalk improvements. This loan bears interest from 2.25% to 3.00%, which is repaid quarterly. Principal is repayable over a five-year period commencing the fourth quarter of fiscal year 2006.
- c. See Note 5.

*D. City Repayment Agreement*

In addition to the above amounts, funds have been advanced under an Amended Repayment Agreement whereby the Agency has agreed to reimburse the City a portion of project costs for the B Street/Watkins/Mission Garage and B Street Retail and Civic Center Plaza.

Amounts due under the Agreement are non-interest bearing are repayable from available revenues of the Agency and are subordinated to the Tax Allocations Bonds. As a result, the final maturity date of the loan has not been determined and the timing of repayment is unknown. Therefore the amount of Repayment Agreement advances which amount to \$11,186,217 at June 30, 2006 have been excluded from the accompanying financial statements as required by generally accepted accounting principals.



**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 4 –INTERFUND TRANSACTIONS**

*A. Interfund Transfers*

With Council approval, resources may be transferred from one fund to another. Transfers between funds during the fiscal year ended June 30, 2006 were as follows:

| FROM FUND:                      | TO FUND:                           | AMOUNT:            |
|---------------------------------|------------------------------------|--------------------|
| General Capital Projects Fund   | Low & Moderate Income Housing Fund | \$1,830,963 A      |
|                                 | Debt Service Fund                  | 2,803,029 B        |
| 2004 TABs Capital Projects Fund | Debt Service Fund                  | <u>1,106,742 B</u> |
|                                 |                                    | <u>\$5,740,734</u> |

A To fund the 20% set-aside in the Low & Moderate Income Housing Fund

B To fund debt service

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 5 – REDEVELOPMENT ACTIVITIES**

*A. Land Held for Redevelopment*

Land held for redevelopment of \$4,434,795 at June 30, 2006, is stated at the lowest of historical cost, net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer performing projects in accordance with the Redevelopment Plan.

*B. Downtown Hayward Redevelopment Project – Renaissance Walk*

The Agency signed a Disposition and Development Agreement under which the Developer has constructed a residential project consisting of 24 two-story town homes and 22 one-story flats. Each of the flats is to be sold to low or moderate-income families. The project was constructed on a site purchased from the Agency in fiscal 2003-04 for a promissory note, plus 50% of the net proceeds from the sale of housing units. The non-interest bearing promissory note in the amount of \$2,546,715 consists of the \$2 million sales price plus an additional \$546,715 representing deferred development fees. Repayments of \$55,363 are due upon the sale of each of the 46 housing units. During fiscal year 2006, the Agency collected the remaining outstanding balance of \$1,020,814 and promissory note was collected in full.

Concurrently with the signing of the above development agreement, the City and Agency entered into a cooperation agreement under which the City has agreed to defer development fees on the Project. Fee payments to the City will occur upon payment by the Developer to the Agency. During the fiscal year 2006, the Agency has repaid the entire interfund advance of \$325,163 to the City. (See Note 3 above.)

*C. Downtown Hayward Redevelopment Project – Theater/Retail Complex and Parking Structure Projects (Cinema Place)*

As of October 2005, the Agency had signed an agreement with a Developer which will construct a Theater/Retail Complex consisting of a twelve screen, 1,800 seat movie theater and approximately 21,000 square feet of restaurant/retail space. The Agency is obligated to construct, operate and maintain a proximate 241 stall, three level detached Parking Structure. The Developer is obligated to pay 50 percent of the net Parking Structure operating costs.

These projects are to be constructed on an Agency owned site consisting of a Theater/Retail Complex parcel to be leased to the Developer and a Parking Structure parcel to be retained by the Agency. Pursuant to a related agreement with an initial Movie Theater Operator, the Agency is contingently liable for \$5 million to be paid if a competing movie theater is open outside the Downtown Core Area.

Under the related ground lease for the Theater/Retail Complex parcel, rent due the Agency has begun on January 1, 2006 consisting of monthly base rent of \$4,167, plus an annually remitted percentage rent equal to five percent of subtenant receipts received in excess of \$660,000. Base rent increases in the eleventh, twenty-fifth year and each tenth year anniversary thereafter as defined in the agreement. The term of the lease is 50 years, plus a two 5-year renewal options.

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 5 – REDEVELOPMENT ACTIVITIES (Continued)**

As of June 30, 2005, the Agency transferred the \$3,443,016 cost for both parcels from Land Held for Resale to Governmental Activities capital assets. As of June 30, 2006, construction costs for the Parking Structure were estimated to be \$6.5 million.

**D. Downtown Hayward Redevelopment Project – Cannery/Burbank Project**

Pursuant to an agreement between the Agency, City, the Hayward Area Park and Recreation District (HARD) and the Hayward Unified School District, the City has agreed to construct and the Agency has agreed to pay for the design and construction of a new elementary school to be located on a site composed of parcels owned by or to be acquired by the Agency. Upon completion of the school, the site and improvements are to be conveyed by the Agency to the School District in exchange for a portion of the current school site owned by the School District. The Agency has also agreed to deconstruct the current school site and advance funds to HARD to finance the cost of certain improvements to the adjacent Cannery Park, jointly used by HARD and the School District.

To partially compensate the Agency for the above design and construction costs and repay the advances, the School District and City have agreed to assign certain school development fees and park in lieu fees, respectively, to the Agency. In addition, the School District has agreed that the Agency may retain pass-through payments due the School District pursuant to the Health and Safety Code as partial compensation for the above costs. The Agency's commitments under the agreement is presented below:

|                                    |                     |
|------------------------------------|---------------------|
| Construction of new Burbank School | \$31,700,000        |
| Expansion of Cannery Park          | 4,700,000           |
| New streets and infrastructure     | <u>5,700,000</u>    |
| Total Estimated Commitment         | <u>\$42,100,000</u> |

As of June 30, 2006, the Agency had accumulated land held for redevelopment and construction in progress amounting to \$3,885,295 and \$2,937,599, respectively.

**E. Loans Receivable**

In order to carry out low and moderate housing programs, Redevelopment low and moderate income housing funds were loaned to home buyers and third-party contractors for the purposes of promoting home ownership in the City and developing low and moderate income housing. The loans bear interest at rates equivalent to either the 11<sup>th</sup> district cost of funds or the rate the City earns on its cash and investments.

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 6 – CAPITAL ASSETS**

Changes in the capital assets consisted of the following:

|                                            | Balance at<br>June 30, 2005 | Additions          | Balance at<br>June 30, 2006 |
|--------------------------------------------|-----------------------------|--------------------|-----------------------------|
| Capital assets not being depreciated:      |                             |                    |                             |
| Land                                       | \$1,497,439                 |                    | \$1,497,439                 |
| Construction in Progress                   | 8,350,916                   | \$3,241,801        | 11,592,717                  |
| Total Capital Assets not being depreciated | <u>9,848,355</u>            | <u>3,241,801</u>   | <u>13,090,156</u>           |
| Capital assets being depreciated:          |                             |                    |                             |
| Buildings                                  | 3,558,965                   |                    | 3,558,965                   |
| Machinery and Equipment                    | 15,681                      |                    | 15,681                      |
| Total capital assets being depreciated     | <u>3,574,646</u>            |                    | <u>3,574,646</u>            |
| Less accumulated depreciation for:         |                             |                    |                             |
| Buildings                                  | 402,031                     | 79,088             | 481,119                     |
| Machinery and Equipment                    | 8,612                       | 1,210              | 9,822                       |
| Total accumulated depreciation             | <u>410,643</u>              | <u>80,298</u>      | <u>490,941</u>              |
| Net capital assets being depreciated       | <u>3,164,003</u>            | <u>(80,298)</u>    | <u>3,083,705</u>            |
| Capital assets, net                        | <u>\$13,012,358</u>         | <u>\$3,161,503</u> | <u>\$16,173,861</u>         |

Construction in progress for capital assets composed of the following:

|                                  | Project<br>Budget   | Expended to<br>June 30, 2006 | Encumbered          | Committed        |
|----------------------------------|---------------------|------------------------------|---------------------|------------------|
| Land                             | \$3,443,016         | \$3,443,016                  |                     |                  |
| Buildings                        | 13,291,042          | 4,984,737                    | \$7,567,121         | \$739,184        |
| Improvement other than buildings | 1,680,000           | 1,583,702                    | 90,163              | 6,135            |
| Streets                          | 4,310,431           | 1,581,262                    | 2,650,686           | 78,483           |
| Total                            | <u>\$22,724,489</u> | <u>\$11,592,717</u>          | <u>\$10,307,970</u> | <u>\$823,802</u> |

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 7 - LONG-TERM OBLIGATIONS**

Changes in long-term obligations consist of the following:

| Type of Obligation                   | Authorized<br>and<br>Issued | Principal<br>Outstanding<br>June 30, 2005 | Additions    | Retirements | Principal<br>Outstanding<br>June 30, 2006 | Current<br>Portion |
|--------------------------------------|-----------------------------|-------------------------------------------|--------------|-------------|-------------------------------------------|--------------------|
| Tax Allocation Bonds,                |                             |                                           |              |             |                                           |                    |
| 2004 Redevelopment Agency            |                             |                                           |              |             |                                           |                    |
| due 3/1/2034, interest at 3%-5.23%   | \$44,790,000                | \$44,790,000                              |              | \$595,000   | \$44,195,000                              | \$610,000          |
| 2006 Redevelopment Agency            |                             |                                           |              |             |                                           |                    |
| due 3/1/2036, interest at 3.75%-4.3% | 11,800,000                  |                                           | \$11,800,000 |             | 11,800,000                                |                    |
| Total                                | \$56,590,000                | \$44,790,000                              | \$11,800,000 | \$595,000   | \$55,995,000                              | \$610,000          |

In fiscal 2003-2004, the Agency issued \$44,790,000 principal amount of **Redevelopment Agency Tax Allocation Bonds, Series 2004**, the proceeds of which were used to defease and retire the Redevelopment Agency Tax Allocation Bonds, Series 1996, and to finance various other redevelopment projects within the Redevelopment area.

In fiscal 2005-2006, the City issued \$11,800,000 principal amount of **Redevelopment Agency Tax Allocation Bonds, Series 2006**, the proceeds of which will be used to finance various redevelopment projects within the Redevelopment Area.

Summary of scheduled debt service payments follows:

| Year Ending June 30 | Governmental Activities |              |
|---------------------|-------------------------|--------------|
|                     | Principal               | Interest     |
| 2007                | \$610,000               | \$2,571,716  |
| 2008                | 1,210,000               | 2,722,772    |
| 2009                | 1,270,000               | 2,662,272    |
| 2010                | 1,335,000               | 2,598,772    |
| 2011                | 1,400,000               | 2,532,022    |
| 2012-2016           | 8,410,000               | 11,625,516   |
| 2017-2021           | 10,540,000              | 9,486,089    |
| 2022-2026           | 13,420,000              | 6,596,998    |
| 2027-2031           | 10,535,000              | 3,169,548    |
| 2032-2034           | 7,265,000               | 1,142,259    |
| Totals              | \$55,995,000            | \$45,107,964 |

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD**  
**Notes to Financial Statements**

**NOTE 8 - JOINT POWERS AGENCY**

The Hayward Public Financing Authority (the "Authority") was established in May 1989 when the Agency and the City entered into a joint powers agreement under the Joint Exercise of Powers Law of the State of California for the purpose of financing certain capital improvements within the City. The governing body of the Authority consists of the City's seven City Council members who also act as the Agency's governing body. As a separate legal entity, the Authority exercises full power and authority within the scope of the Joint Powers Agreement including the accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the Authority are not those of the Agency.

Complete financial statements of the Authority can be obtained from: City of Hayward, Finance Department, 3<sup>rd</sup> Floor, 777 B Street, Hayward, California 94541.

**NOTE 9 - PASS-THROUGH PAYMENTS AND TAX INCREMENT SHIFT TO EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF)**

Pursuant to California Redevelopment Law (Health and Safety Code Section 33607.5), the Agency is obligated to pass-through a portion of the gross tax increment received on the Project Area to jurisdictions within the project area. In fiscal 2005-2006, the Agency calculated and remitted \$485,091 pass-through payments to the affected jurisdictions. Since fiscal 2001-2002, the Agency has been questioning the County's pass-through allocation to ERAF.

Starting in fiscal 2002-2003, the State of California directed that a portion of the incremental property taxes that had been received in prior years by redevelopment agencies be paid instead to local educational agencies. During fiscal 2005-2006, the Agency paid \$529,767 to the ERAF as a result of the State's directive.

The State also directed that the above amounts be included in the Agency's total incremental property tax receipts for purposes of calculating the amounts to be set aside for Low and Moderate Income Housing.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

The Agency is involved in several legal proceedings arising from its normal operations. It is the opinion of management that any obligations, which may result from such legal proceedings, will not have a material effect on the financial position of the Agency.

## MAJOR GOVERNMENTAL FUNDS

The **DEBT SERVICE FUND** accounts for the accumulation of resources for payment of principal, interest and related costs of the Agency's long-term debt.

# REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

## DEBT SERVICE FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2006

|                                                      | Budget      | Actual      | Variance<br>Positive<br>(Negative) |
|------------------------------------------------------|-------------|-------------|------------------------------------|
| REVENUES                                             |             |             |                                    |
| Use of money and property                            |             | \$90,345    | \$90,345                           |
| Total Revenues                                       |             | 90,345      | 90,345                             |
| EXPENDITURES                                         |             |             |                                    |
| Debt Service                                         |             |             |                                    |
| Principal repayment                                  | \$595,000   | 595,000     |                                    |
| Interest and fiscal charges                          | 2,647,374   | 2,647,374   |                                    |
| Total Expenditures                                   | 3,242,374   | 3,242,374   |                                    |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | (3,242,374) | (3,152,029) | 90,345                             |
| OTHER FINANCING SOURCES (USES)                       |             |             |                                    |
| Transfers in                                         | 3,910,024   | 3,909,771   | (253)                              |
| Total Other Financing Sources (Uses)                 | 3,910,024   | 3,909,771   | (253)                              |
| NET CHANGES IN FUND BALANCE                          | \$667,650   | 757,742     | \$90,092                           |
| BEGINNING FUND BALANCE                               |             | 4,090,107   |                                    |
| ENDING FUND BALANCE                                  |             | \$4,847,849 |                                    |



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Members of the Governing Board of the  
Redevelopment Agency of the  
City of Hayward, California

We have audited the financial statements of the Redevelopment Agency of the City of Hayward as of and for the year ended June 30, 2006, and have issued our report thereon dated October 27, 2006. We have conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

*Internal Control over Financial Reporting*

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we did communicate other matters to Agency Board in our separate Memorandum on Internal Controls dated October 27, 2006.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit included tests of compliance with provisions of the Guidelines for Compliance Audits of California Redevelopment Agencies. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Agency Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the above parties.

October 27, 2006

**APPENDIX B**  
**ANNUAL REPORT OF FINANCIAL TRANSACTIONS**  
**FOR FY 2005-06**

Redevelopment Agency of the City of Hayward

December 2006

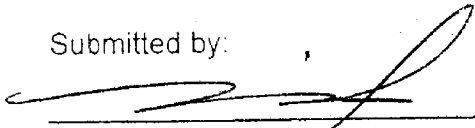
**REDEVELOPMENT AGENCIES  
FINANCIAL TRANSACTIONS REPORT  
COVER PAGE**

**Redevelopment Agency Of The City Of Hayward**

Fiscal Year: 2006

ID Number: 13980135800

Submitted by:

  
\_\_\_\_\_  
Signature

Assistant City Manager

\_\_\_\_\_  
Title

Fran David

\_\_\_\_\_  
Name (Please Print)

12/8/06  
\_\_\_\_\_  
Date

Per Health and Safety Code section 33080, this report is due within six months after the end of the fiscal year. The report is to include two (2) copies of the agency's component unit audited financial statements, and the report on the Status and Use of the Low and Moderate Income Housing Fund (HCD report). To meet the filing requirements, all portions must be received by the California State Controller's Office.

**To file electronically:**

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. Sign this cover page and mail to either address below with 2 audits and the HCD report.

Report will not be considered filed until receipt of this signed cover page.

**To file a paper report:**

1. Complete all forms as necessary.
2. Sign this cover page, and mail complete report to either address below with 2 audits and the HCD report.

**Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

**Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

# City of Hayward

## Financial Transactions Report

### General Information

Fiscal Year 2006

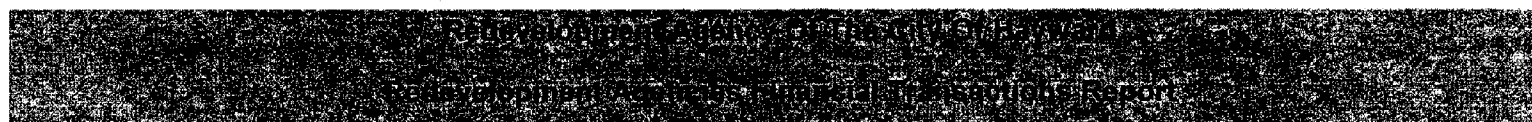
| Members of the Governing Body |           |            |                |
|-------------------------------|-----------|------------|----------------|
|                               | Last Name | First Name | Middle Initial |
| Chairperson                   | Cooper    | Roberta    |                |
| Member                        | Ward      | William    | H              |
| Member                        | Henson    | Olden      | P              |
| Member                        | Dowling   | Kevin      |                |
| Member                        | Halliday  | Barbara    |                |
| Member                        | Jimenez   | Matt       |                |
| Member                        | Quirk     | Bill       |                |
| Member                        |           |            |                |
| Member                        |           |            |                |
| Member                        |           |            |                |

| Mailing Address |                                                                        |       |               |
|-----------------|------------------------------------------------------------------------|-------|---------------|
| Street 1        | 777 B Street                                                           |       |               |
| Street 2        |                                                                        |       |               |
| City            | Hayward                                                                | State | CA Zip 94541- |
| Phone           | (510) 583-4010 <input checked="" type="checkbox"/> Is Address Changed? |       |               |

| Agency Officials   |           |            |                |
|--------------------|-----------|------------|----------------|
|                    | Last Name | First Name | Middle Initial |
| Executive Director | Armas     | Jesus      |                |
| Fiscal Officer     | David     | Fran       |                |
| Secretary          | Reyes     | Angelina   | M              |

| Report Prepared By |                     | Independent Auditor         |  |
|--------------------|---------------------|-----------------------------|--|
| Firm Name          | Maze and Associates |                             |  |
| Last               | Gudino              | Biggs                       |  |
| First              | Henry               | Corey                       |  |
| Middle Initial     | J                   | A                           |  |
| Street             | 777 B Street        | 3478 Buskirk Ave, Suite 215 |  |
| City               | Hayward             | Pleasant Hill               |  |
| State              | CA                  | CA                          |  |
| Zip Code           | 94541-              | 94523-                      |  |
| Phone              | (510) 583-4091      | (925) 930-0902              |  |

**Audit Information**

Fiscal Year 2006

Was the Report Prepared from Audited Financial Data,  
and Did You Submit a Copy of the Audit?

Yes

Indicate Financial Audit Opinion

Unqualified

If Financial Audit is not yet Completed, What is the  
Expected Completion Date?If the Audit Opinion was Other than Unqualified, State  
Briefly the Reason GivenWas a Compliance Audit Performed in Accordance with  
Health and Safety Code Section 33080.1 and the State  
Controller's Guidelines for Compliance Audits, and Did  
You Submit a Copy of the Audit?

Yes

Indicate Compliance Audit Opinion

Positive/Negative No Exceptions

If Compliance Audit is not yet Completed, What is the  
Expected Completion Date?If compliance opinion includes exceptions,  
state the areas of non-compliance, and  
describe the agency's efforts to correct.

Project Area Report

Fiscal Year 2006

Project Area Name

Downtown Hayward Project Area

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

Activity Report

Forwarded from Prior Year?

Enter Code for Type of Project Area Report

P

P = Standard Project Area Report

L = Low and Moderate Income Housing Fund

O = Other Miscellaneous Funds or Programs

A = Administrative Fund

M = Mortgage Revenue Bond Program

S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions?

Yes

Date Project Area was Established (MM-DD-YY)

12/30/1975

Most Recent Date Project Area was Amended

5/2/2006

Did this Amendment Add New Territory?

No

Most Recent Date Project Area was Merged

Will this Project Area be Carried Forward to Next Year?

Yes

Established Time Limit :

Repayment of Indebtedness (Year Only)

2047

Effectiveness of Plan (Year Only)

2032

New Indebtedness (Year Only)

2021

Size of Project Area in Acres

1,348

Percentage of Land Vacant at the Inception of the Project Area

4.0

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

96.0

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan

RCPO

(Enter the Appropriate Code(s) in Sequence as Shown)

R = Residential I = Industrial C = Commercial P = Public O = Other

### Assessed Valuation Data

Fiscal Year 2006

|                                |                               |
|--------------------------------|-------------------------------|
| Project Area Name              | Downtown Hayward Project Area |
| Frozen Base Assessed Valuation | 622,930,415                   |
| Increment Assessed Valuation   | 759,867,460                   |
| Total Assessed Valuation       | 1,382,797,875                 |

## Pass-Through / School District Assistance

Fiscal Year

2006

Project Area Name

Downtown Hayward Project Area

## Tax Increment Pass Through Detail

## Other Payments

Amounts Paid To Taxing  
Agencies Pursuant To:H & S Code  
Section 33401H & S Code  
Section 33676H & S Code  
Section 33607

Total

H & S Code  
Section 33445H & S Code  
Section 33445.5

County

130,369

\$130,369

Cities

71,085

\$71,085

School Districts

138,539

\$138,539

Community College District

19,009

\$19,009

Special Districts

868,236

\$868,236

Total Paid to Taxing  
Agencies

\$0

\$0

\$1,227,238

\$1,227,238

\$0

\$0

Net Amount to Agency

\$7,927,578

Gross Tax Increment  
Generated

9,154,816



**Summary of the Statement of Indebtedness - Project Area**

Fiscal Year 2006

Project Area Name

Tax Allocation Bond Debt

101,102,965

Revenue Bonds

Other Long Term Debt

City/County Debt

15,875,208

Low and Moderate Income Housing Fund

29,377,787

Other

532,976

**Total**

**\$146,888,936**

Available Revenues

4,847,849

**Net Tax Increment Requirements**

**\$142,041,087**

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year 2006

Project Area Name Downtown Hayward Project Area

|                                                            |                      |
|------------------------------------------------------------|----------------------|
| Forward from Prior Year                                    |                      |
| Bond Type                                                  | City/County Debt     |
| Year of Authorization                                      | 1975                 |
| Principal Amount Authorized                                | 12,556,048           |
| Principal Amount Issued                                    | 12,556,048           |
| Purpose of Issue                                           | Property Acquisition |
| Maturity Date Beginning Year                               | 1990                 |
| Maturity Date Ending Year                                  | 2010                 |
| <b>Principal Amount Unmatured Beginning of Fiscal Year</b> | <b>\$5,153,359</b>   |
| Adjustment Made During Year                                |                      |
| Adjustment Explanation                                     |                      |
| Interest Added to Principal                                | 260,790              |
| Principal Amount Issued During Fiscal Year                 |                      |
| Principal Amount Matured During Fiscal Year                | 1,053,453            |
| Principal Amount Defeased During Fiscal Year               |                      |
| <b>Principal Amount Unmatured End of Fiscal Year</b>       | <b>\$4,360,696</b>   |
| Principal Amount In Default                                |                      |
| Interest In Default                                        |                      |

**Bond Types Allowed:**

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

# Redevelopment Agency Of The City Of Hayward

## Redevelopment Agencies Financial Transactions Report

### Agency Long-Term Debt

Fiscal Year

2006

Project Area Name

Downtown Hayward Project Area

Forward from Prior Year

Bond Type

Tax Allocation Bonds

Year of Authorization

2004

Principal Amount Authorized

44,790,000

Principal Amount Issued

44,790,000

Purpose of Issue

New Capital Projects and Refunding

Maturity Date Beginning Year

2004

Maturity Date Ending Year

2034

Principal Amount Unmatured Beginning of Fiscal Year

\$44,790,000

Adjustment Made During Year

Adjustment Explanation

Interest Added to Principal

Principal Amount Issued During Fiscal Year

Principal Amount Matured During Fiscal Year

595,000

Principal Amount Defeased During Fiscal Year

Principal Amount Unmatured End of Fiscal Year

\$44,195,000

Principal Amount In Default

Interest In Default

#### Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US,State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

# Redevelopment Agency Of The City Of Hayward

## Redevelopment Agencies Financial Transactions Report

### Agency Long-Term Debt

Fiscal Year

2006

Project Area Name

Downtown Hayward Project Area

Forward from Prior Year

Bond Type

Tax Allocation Bonds

Year of Authorization

2006

Principal Amount Authorized

11,800,000

Principal Amount Issued

11,800,000

Purpose of Issue

New Capital Projects and Refunding

Maturity Date Beginning Year

2006

Maturity Date Ending Year

2036

Principal Amount Unmatured Beginning of Fiscal Year

Adjustment Made During Year

Adjustment Explanation

Interest Added to Principal

Principal Amount Issued During Fiscal Year

11,800,000

Principal Amount Matured During Fiscal Year

Principal Amount Defeased During Fiscal Year

Principal Amount Unmatured End of Fiscal Year

\$11,800,000

Principal Amount In Default

Interest In Default

#### Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year 2006

Project Area Name Downtown Hayward Project Area

|                                                     | Capital Project<br>Funds | Debt Service<br>Funds | Low/Moderate<br>Income Housing<br>Funds | Special<br>Revenue/Other<br>Funds | Total               |
|-----------------------------------------------------|--------------------------|-----------------------|-----------------------------------------|-----------------------------------|---------------------|
| Tax Increment Gross<br>(Include All Apportionments) | 9,154,816                |                       |                                         |                                   | \$9,154,816         |
| Special Supplemental Subvention                     |                          |                       |                                         |                                   | \$0                 |
| Property Assessments                                |                          |                       |                                         |                                   | \$0                 |
| Sales and Use Tax                                   |                          |                       |                                         |                                   | \$0                 |
| Transient Occupancy Tax                             |                          |                       |                                         |                                   | \$0                 |
| Interest Income                                     | 1,019,903                | 90,345                | 158,224                                 |                                   | \$1,268,472         |
| Rental Income                                       |                          |                       |                                         |                                   | \$0                 |
| Lease Income                                        |                          |                       |                                         |                                   | \$0                 |
| Sale of Real Estate                                 |                          |                       |                                         |                                   | \$0                 |
| Gain on Land Held for Resale                        |                          |                       |                                         |                                   | \$0                 |
| Federal Grants                                      |                          |                       |                                         |                                   | \$0                 |
| Grants from Other Agencies                          |                          |                       |                                         |                                   | \$0                 |
| Bond Administrative Fees                            |                          |                       |                                         |                                   | \$0                 |
| Other Revenues                                      | 855                      |                       | 855,517                                 |                                   | \$856,372           |
| <b>Total Revenues</b>                               | <b>\$10,175,574</b>      | <b>\$90,345</b>       | <b>\$1,013,741</b>                      | <b>\$0</b>                        | <b>\$11,279,660</b> |

Revised: 12/7/2006

Statement of Income and Expenditures - Expenditures

## Statement of Income and Expenditures - Expenditures

Fiscal Year 2006

Project Area Name Downtown Hayward Project Area

|                                                | Capital Project<br>Funds | Debt Service<br>Funds | Low/Moderate<br>Income Housing | Special<br>Revenue/Other | Total       |
|------------------------------------------------|--------------------------|-----------------------|--------------------------------|--------------------------|-------------|
| Administration Costs                           | 879,344                  |                       | 123,106                        |                          | \$1,002,450 |
| Professional Services                          | 73,733                   |                       |                                |                          | \$73,733    |
| Planning, Survey, and Design                   | 162,138                  |                       |                                |                          | \$162,138   |
| Real Estate Purchases                          |                          |                       |                                |                          | \$0         |
| Acquisition Expense                            |                          |                       |                                |                          | \$0         |
| Operation of Acquired Property                 |                          |                       |                                |                          | \$0         |
| Relocation Costs                               |                          |                       |                                |                          | \$0         |
| Relocation Payments                            |                          |                       |                                |                          | \$0         |
| Site Clearance Costs                           |                          |                       |                                |                          | \$0         |
| Project Improvement / Construction Costs       | 3,407,310                |                       |                                |                          | \$3,407,310 |
| Disposal Costs                                 |                          |                       |                                |                          | \$0         |
| Loss on Disposition of Land Held for<br>Resale |                          |                       |                                |                          | \$0         |

Redevelopment Agency of the City of Hayward  
 Redevelopment Agency Financial Transactions Report

## Statement of Income and Expenditures - Expenditures

Fiscal Year 2006

Project Area Name Downtown Hayward Project Area

|                                                                               | Capital Project<br>Funds | Debt Service<br>Funds | Low/Moderate<br>Income Housing | Special<br>Revenue/Other | Total               |
|-------------------------------------------------------------------------------|--------------------------|-----------------------|--------------------------------|--------------------------|---------------------|
| Decline in Value of Land Held for Resale                                      |                          |                       |                                |                          | \$0                 |
| Rehabilitation Costs                                                          |                          |                       |                                |                          | \$0                 |
| Rehabilitation Grants                                                         |                          |                       |                                |                          | \$0                 |
| Interest Expense                                                              | 260,791                  | 2,647,374             |                                |                          | \$2,908,165         |
| Fixed Asset Acquisitions                                                      |                          |                       | 166,101                        |                          | \$166,101           |
| Subsidies to Low and Moderate Income<br>Housing                               |                          |                       |                                |                          | \$0                 |
| Debt Issuance Costs                                                           |                          |                       |                                |                          | \$0                 |
| Other Expenditures Including Pass-<br>Through Payment(s)                      | 1,227,238                |                       | 89,873                         |                          | \$1,317,111         |
| <b>Debt Principal Payments:</b>                                               |                          |                       |                                |                          |                     |
| Tax Allocation Bonds and Notes                                                |                          | 595,000               |                                |                          | \$595,000           |
| Revenue Bonds, Certificates of<br>Participation, Financing Authority<br>Bonds |                          |                       |                                |                          | \$0                 |
| City/County Advances and Loans                                                | 728,290                  |                       | 325,163                        |                          | \$1,053,453         |
| All Other Long-Term Debt                                                      |                          |                       |                                |                          | \$0                 |
| <b>Total Expenditures</b>                                                     | <b>\$6,738,844</b>       | <b>\$3,242,374</b>    | <b>\$704,243</b>               | <b>\$0</b>               | <b>\$10,685,461</b> |
| <b>Excess (Deficiency) Revenues over<br/>(under) Expenditures</b>             | <b>\$3,436,730</b>       | <b>(\$3,152,029)</b>  | <b>\$309,498</b>               | <b>\$0</b>               | <b>\$594,199</b>    |

Redevelopment Agency Of The City Of Hayward

Redevelopment Agency Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2006

Project Area Name

Downtown Hayward Project Area

|                                               | Capital Project<br>Funds | Debt Service<br>Funds | Low/Moderate<br>Income Housing | Special<br>Revenue/Other | Total               |
|-----------------------------------------------|--------------------------|-----------------------|--------------------------------|--------------------------|---------------------|
| Proceeds of Long-Term Debt                    | 11,800,000               |                       |                                |                          | \$11,800,000        |
| Proceeds of Refunding Bonds                   |                          |                       |                                |                          | \$0                 |
| Payment to Refunded Bond Escrow Agent         |                          |                       |                                |                          | \$0                 |
| Advances from City/County                     |                          |                       |                                |                          | \$0                 |
| Sale of Fixed Assets                          |                          |                       |                                |                          | \$0                 |
| Miscellaneous Financing Sources (Uses)        | 260,790                  |                       |                                |                          | \$260,790           |
| Operating Transfers In                        |                          | 3,909,771             |                                |                          | \$3,909,771         |
| Tax Increment Transfers In                    |                          |                       | 1,830,963                      |                          | \$1,830,963         |
| Operating Transfers Out                       | 3,909,771                |                       |                                |                          | \$3,909,771         |
| Tax Increment Transfers Out                   | 1,830,963                |                       |                                |                          | \$1,830,963         |
| (To the Low and Moderate Income Housing Fund) |                          |                       |                                |                          |                     |
| <b>Total Other Financing Sources (Uses)</b>   | <b>\$6,320,056</b>       | <b>\$3,909,771</b>    | <b>\$1,830,963</b>             | <b>\$0</b>               | <b>\$12,060,790</b> |



Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2006

Project Area Name

Downtown Hayward Project Area

|                                                                                                              | Capital Project<br>Funds | Debt Service<br>Funds | Low/Moderate<br>Income Housing | Special<br>Revenue/Other | Total        |
|--------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------|--------------------------------|--------------------------|--------------|
| Excess (Deficiency) of Revenues and<br>Other Financing Sources over<br>Expenditures and Other Financing Uses | \$9,756,786              | \$757,742             | \$2,140,461                    | \$0                      | \$12,654,989 |

Equity, Beginning of Period

|              |             |             |     |              |
|--------------|-------------|-------------|-----|--------------|
| \$40,980,731 | \$4,090,107 | \$4,373,261 | \$0 | \$49,444,099 |
|--------------|-------------|-------------|-----|--------------|

Prior Period Adjustments

|  |  |  |  |     |
|--|--|--|--|-----|
|  |  |  |  | \$0 |
|--|--|--|--|-----|

Residual Equity Transfers

|  |  |  |  |     |
|--|--|--|--|-----|
|  |  |  |  | \$0 |
|--|--|--|--|-----|

Other(Specify)

A

B

C

D

E

Refresh

|       |  |  |  |  |  |
|-------|--|--|--|--|--|
|       |  |  |  |  |  |
| Total |  |  |  |  |  |

Other Total

|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  |  |
|--|--|--|--|--|

Equity, End of Period

|              |             |             |     |              |
|--------------|-------------|-------------|-----|--------------|
| \$50,737,517 | \$4,847,849 | \$6,513,722 | \$0 | \$62,099,088 |
|--------------|-------------|-------------|-----|--------------|

Redevelopment Agency of the City of Hayward  
 Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

| Fiscal Year                                  | 2006 | Capital Projects<br>Funds | Debt Service<br>Funds | Low/Moderate<br>Income Housing<br>Funds | Special<br>Revenue/Other<br>Funds | General Long-<br>Term Debt | General Fixed<br>Assets | Total        |
|----------------------------------------------|------|---------------------------|-----------------------|-----------------------------------------|-----------------------------------|----------------------------|-------------------------|--------------|
| <b>Assets and Other Debits</b>               |      |                           |                       |                                         |                                   |                            |                         |              |
| Cash and Imprest Cash                        |      | 8,535,771                 | 806,917               | 6,331,830                               |                                   |                            |                         | \$15,674,518 |
| Cash with Fiscal Agent                       |      | 38,145,399                | 4,040,932             |                                         |                                   |                            |                         | \$42,186,331 |
| Tax Increments Receivable                    |      | 516,716                   |                       | 129,179                                 |                                   |                            |                         | \$645,895    |
| Accounts Receivable                          |      | 193,029                   |                       |                                         |                                   |                            |                         | \$193,029    |
| Accrued Interest Receivable                  |      | 31,741                    |                       | 31,594                                  |                                   |                            |                         | \$63,335     |
| Loans Receivable                             |      |                           |                       | 2,288,224                               |                                   |                            |                         | \$2,288,224  |
| Contracts Receivable                         |      |                           |                       |                                         |                                   |                            |                         | \$0          |
| Lease Payments Receivable                    |      |                           |                       |                                         |                                   |                            |                         | \$0          |
| Unearned Finance Charge                      |      |                           |                       |                                         |                                   |                            |                         | \$0          |
| Due from Capital Projects Fund               |      |                           |                       |                                         |                                   |                            |                         | \$0          |
| Due from Debt Service Fund                   |      |                           |                       |                                         |                                   |                            |                         | \$0          |
| Due from Low/Moderate<br>Income Housing Fund |      |                           |                       |                                         |                                   |                            |                         | \$0          |
| Due from Special<br>Revenue/Other Funds      |      |                           |                       |                                         |                                   |                            |                         | \$0          |

Redevelopment Agency of the City of Maryland  
 Redevelopment Agencies Financial Transactions Report

**Balance Sheet - Assets and Other Debits**

| Fiscal Year                                               | 2006 | Capital Projects<br>Funds | Debt Service<br>Funds | Low/Moderate<br>Income Housing<br>Funds | Special<br>Revenue/Other<br>Funds | General Long-<br>Term Debt | General Fixed<br>Assets | Total                |
|-----------------------------------------------------------|------|---------------------------|-----------------------|-----------------------------------------|-----------------------------------|----------------------------|-------------------------|----------------------|
| Investments                                               |      |                           |                       |                                         |                                   |                            |                         | \$0                  |
| Other Assets                                              |      | 22,000                    |                       |                                         |                                   |                            |                         | \$22,000             |
| Investments: Land Held for<br>Resale                      |      | 4,434,795                 |                       |                                         |                                   |                            |                         | \$4,434,795          |
| Allowance for Decline in<br>Value of Land Held for Resale |      |                           |                       |                                         |                                   |                            |                         | \$0                  |
| Fixed Assets: Land,<br>Structures, and Improvements       |      |                           |                       |                                         |                                   |                            | 16,649,121              | \$16,649,121         |
| Equipment                                                 |      |                           |                       |                                         |                                   |                            | 15,681                  | \$15,681             |
| Amount Available In Debt<br>Service Fund                  |      |                           |                       |                                         |                                   | 60,355,696                 |                         | \$60,355,696         |
| Amount to be Provided for<br>Payment of Long-Term Debt    |      |                           |                       |                                         |                                   |                            |                         | \$0                  |
| <b>Total Assets and Other<br/>Debits</b>                  |      | <b>\$51,879,451</b>       | <b>\$4,847,849</b>    | <b>\$8,780,827</b>                      | <b>\$0</b>                        | <b>\$60,355,696</b>        | <b>\$16,664,802</b>     | <b>\$142,528,625</b> |

(Must Equal Total Liabilities,  
Other Credits, and Equities)

**Redevelopment Agency Of The City Of Hayward**  
**Redevelopment Agencies Financial Transactions Report**

**Balance Sheet - Liabilities and Other Credits**

| Fiscal Year                                                                           | 2006 | Capital Projects<br>Funds | Debt Service<br>Funds | Low/Moderate<br>Income Housing<br>Funds | Special<br>Revenue/Other<br>Funds | General Long-<br>Term Debt | General Fixed<br>Assets | Total               |
|---------------------------------------------------------------------------------------|------|---------------------------|-----------------------|-----------------------------------------|-----------------------------------|----------------------------|-------------------------|---------------------|
| <b>Liabilities and Other Credits</b>                                                  |      |                           |                       |                                         |                                   |                            |                         |                     |
| Accounts Payable                                                                      |      | 290,452                   |                       |                                         |                                   |                            |                         | \$290,452           |
| Interest Payable                                                                      |      |                           |                       |                                         |                                   |                            |                         | \$0                 |
| Tax Anticipation Notes Payable                                                        |      |                           |                       |                                         |                                   |                            |                         | \$0                 |
| Loans Payable                                                                         |      |                           |                       |                                         |                                   |                            |                         | \$0                 |
| Other Liabilities                                                                     |      | 851,482                   |                       | 2,267,105                               |                                   |                            |                         | \$3,118,587         |
| Due to Capital Projects Fund                                                          |      |                           |                       |                                         |                                   |                            |                         | \$0                 |
| Due to Debt Service Fund                                                              |      |                           |                       |                                         |                                   |                            |                         | \$0                 |
| Due to Low/Moderate<br>Income Housing Fund                                            |      |                           |                       |                                         |                                   |                            |                         | \$0                 |
| Due to Special<br>Revenue/Other Funds                                                 |      |                           |                       |                                         |                                   |                            |                         | \$0                 |
| Tax Allocation Bonds Payable                                                          |      |                           |                       |                                         |                                   | 55,995,000                 |                         | \$55,995,000        |
| Lease Revenue, Certificates<br>of Participation Payable,<br>Financing Authority Bonds |      |                           |                       |                                         |                                   |                            |                         | \$0                 |
| All Other Long-Term Debt                                                              |      |                           |                       |                                         |                                   | 4,360,696                  |                         | \$4,360,696         |
| <b>Total Liabilities and Other<br/>Credits</b>                                        |      | <b>\$1,141,934</b>        | <b>\$0</b>            | <b>\$2,267,105</b>                      | <b>\$0</b>                        | <b>\$60,355,696</b>        |                         | <b>\$63,764,735</b> |

# Redevelopment Agency Of The City Of Hayward

## Redevelopment Agencies Financial Transactions Report

### Balance Sheet - Liabilities and Other Credits

| Fiscal Year                                                   | 2006 | Capital Projects<br>Funds | Debt Service<br>Funds | Low/Moderate<br>Income Housing<br>Funds | Special<br>Revenue/Other<br>Funds | General Long-<br>Term Debt | General Fixed<br>Assets | Total                |
|---------------------------------------------------------------|------|---------------------------|-----------------------|-----------------------------------------|-----------------------------------|----------------------------|-------------------------|----------------------|
| <b>Equities</b>                                               |      |                           |                       |                                         |                                   |                            |                         |                      |
| Investment In General Fixed<br>Assets                         |      |                           |                       |                                         |                                   |                            | 16,664,802              | \$16,664,802         |
| Fund Balance Reserved                                         |      | 42,259,683                | 4,847,849             | 6,513,722                               |                                   |                            |                         | \$53,621,254         |
| Fund Balance<br>Unreserved-Designated                         |      | 4,360,696                 |                       |                                         |                                   |                            |                         | \$4,360,696          |
| Fund Balance<br>Unreserved-Undesignated                       |      | 4,117,138                 |                       |                                         |                                   |                            |                         | \$4,117,138          |
| <b>Total Equities</b>                                         |      | <b>\$50,737,517</b>       | <b>\$4,847,849</b>    | <b>\$6,513,722</b>                      | <b>\$0</b>                        |                            | <b>\$16,664,802</b>     | <b>\$78,763,890</b>  |
| <b>Total Liabilities,<br/>Other Credits, and<br/>Equities</b> |      | <b>\$51,879,451</b>       | <b>\$4,847,849</b>    | <b>\$8,780,827</b>                      | <b>\$0</b>                        | <b>\$60,355,696</b>        | <b>\$16,664,802</b>     | <b>\$142,528,625</b> |

Redevelopment Agency of the City of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Summary, Combined Transfers In/Out

Fiscal Year 2006

Operating Transfers In

\$3,909,771

Tax Increment Transfers In

\$1,830,963

Operating Transfers Out

\$3,909,771

Tax Increment Transfers Out

\$1,830,963

**Supplement to the Annual Report of Community Redevelopment Agencies  
For the Fiscal Year Ended June 30, 2006**

|                                        |                                                |
|----------------------------------------|------------------------------------------------|
| <b>Redevelopment Agency ID Number:</b> | 13980135800                                    |
| <b>Name of Redevelopment Agency:</b>   | Redevelopment Agency<br>of the City of Hayward |

The U.S. Bureau of the Census requests the following information about the fiscal activities of your government for the 2005-2006 fiscal year (defined from July 1, 2005 through June 30, 2006). Governments furnishing this information will no longer receive Census Bureau Form F-32, Survey of Local Government Finances. Please return this form to the California State Controller's Office. If you have any questions please contact:

**U.S. Bureau of the Census  
Elizabeth A. Bethoney  
1-800-242-4523**

**A. Personnel Expenditures**

Report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

|            |            |
|------------|------------|
| <b>Z00</b> | \$ 468,361 |
|------------|------------|

**B. Mortgage Revenue Bond Interest Payments**

Report your government's total amount of interest paid on mortgage revenue bonds during the year.

|            |     |
|------------|-----|
| <b>U20</b> | \$0 |
|------------|-----|

|                                                    |
|----------------------------------------------------|
| <b>REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD</b> |
|----------------------------------------------------|

**LISTING OF LAND HELD FOR RESALE FY 2005-06**

1. **Site Two** - bounded by "B" Street and the Downtown BART Station: approx. 31,910 sq. ft. \$337,500
2. **Russell Way** - 24,242 sq. ft. vacant parcel held for resale. Property is now under a 5-year lease agreement to the owners of Kumbala Restaurant. \$212,000
3. **Cannery Area**
  - 203 C Street - 25,908 sq. ft. lot, purchased 2/10/04. \$500,000
  - 229 C Street - 10,200 sq. ft. lot, purchased 4/11/02. \$285,000
  - 231 C Street - 9,180 sq. ft. lot, purchased 5/16/03. \$296,828
  - 24083 Myrtle Street - SF house on 5,025 sq. ft. lot, purchased on 11/8/02. \$282,618
  - 245 C Street - 6,250 sq. ft. lot, purchased 4/15/05. \$588,177
  - 251 C Street - 5,000 sq. ft. lot, purchased 3/17/05. \$428,443
  - 271 C Street - 8,875 sq. ft. lot, purchased 2/22/05. \$433,939
  - 22737 Filbert Street - 12,719 sq. ft. lot, purchased 4/15/05. \$577,721
  - 199 Filbert Street - 27,587 sq. ft. lot, purchased 6/26/06. \$492,569

**As of 6/30/06 Total Land Held for Resale \$4,434,795**



## LISTING OF OTHER AGENCY-OWNED PROPERTIES

1. **Municipal Lot #10** - 18,750 sq. ft. municipal parking lot. "C" Street and Mission Blvd.
2. **Municipal Parking Structure** - 498-space municipal parking structure on approximately 63,500 sq. ft. lot. Located between Mission Blvd and Watkins Street. \$3,558,965 Land Site 3 \$ 650,000
3. **22852 Foothill Boulevard** - 20,313 sq. ft. landscaped lot in a street median/gateway area on the Hayward fault line.
4. **Hayward Civic Center** - Public Paseo and Plaza area at "B" and Watkins Street: approx. 89,792 sq. ft.
5. **1025 A Street & 1027 A Street** - Partial acquisition of land at 1025 A Street (6210± sq. ft.) and full acquisition of land at 1027 A Street, to expand Municipal Lot #2, purchased 5/11/05. \$737,439
6. **1077 A Street** - Partial acquisition (2,840± sq. ft.) of land and access easement to expand Municipal Lot #2, purchased 5/11/05. \$110,000
7. **B and Foothill** - 2.24 acre property, purchased on 10/17/02. (Subsequent to year-end, Agency Board approved entering into a DDA and long term ground lease with Blake-Hunt Ventures for retail/ entertainment complex.) \$3,443,016
8. **Other Construction In Progress TABS projects.** \$4,907,900

## **Project Area Report FY 2005-06**

In fiscal year 2005-06 the Hayward Redevelopment Agency initiated or continued work on the following activities.

The Olson Company, under a Disposition and Development Agreement with the Agency, completed construction of the Renaissance Walk housing development and sold all of the units. The project consists of 46 owner-occupied dwelling units with 24 market-rate town homes and 22 flats that are affordable for moderate-income households. The site was sold to Olson for \$2,000,000 and the Agency carried back a note in the amount of \$2,546,714.56, which accounts for the sale price and an additional amount for deferred City building permit fees. The Agency has been repaid for both land cost and deferred fees, and a certificate of completion has been issued for the project.

The Agency executed an Amended Disposition and Development Agreement (DDA) and long-term ground lease with Blake-Hunt Ventures for the Agency-owned site at the corner of B Street and Foothill Boulevard for the Cinema Place project. The original DDA was approved in July 2004 and the Amended DDA was approved in May 2005. Blake-Hunt proposes developing the site with a two-story, 55,000 square foot, retail/entertainment complex called Cinema Place. The anchor tenant will be a 12-screen movie theater operated by Century Theatres, and there will be an additional 19,500 square feet of restaurant and retail space. A three-level parking structure will be constructed on the rear of the site, which is planned to serve onsite businesses and to provide public parking. The site will be subdivided into two parcels, and the Agency will lease the front two-thirds of the site to Blake-Hunt for a period of 50 years, plus two 5-year renewal options. The Agency's cost for this project includes approximately \$5.5 million for the public parking and \$3.5 Million for the property (previously acquired). In November 2005, the Developer deconstructed the former Albertson's market on the property, and the Agency paid for this cost; pursuant to the DDA, the Developer will repay the Agency when it starts construction. Remaining site clearance and construction activities commenced in mid-July 2006.

The Agency is continuing its efforts to implement the Cannery Area Design Plan. The focus is on the construction of a new elementary school to replace Burbank School, the expansion of Cannery Park, and the construction of streets and parking surrounding these facilities. In FY 2005-06, the Agency/City in conjunction with the Hayward Unified School District obtained approval from the State for the site of the new school, as well as approval for the Environmental Remedial Action Work plan. The remediation work was undertaken in the summer of 2006. The construction drawings for the new school were completed and submitted to the State Architect and have been approved. Additionally, in fall 2006 the Agency/City completed the acquisition of the remaining privately owned land, which is needed for the new streets and related infrastructure, expanded park facilities, and a portion of the school playground. Construction on the roads is currently underway, and construction on the new school and park is expected to commence in March 2007. The terms of the school, park, and infrastructure development were memorialized in July 2006 by the Agency/City, the Hayward Unified School District, and

the Hayward Area Recreation and Park District entering into a Public Facilities Development and Property Exchange Agreement.

In FY 2005-06 two developers received site plan review approval for developing housing on the southern and eastern edge of the former cannery, which will include a total of 629 units. Additionally, the site of the old Select Foods facility, to the west of the former cannery, has been deconstructed and grading initiated for the construction of 112 housing units. Lastly, Eden Housing, Inc., a non-profit affordable housing developer, received site plan approval for the development of their new administrative offices, which will also include 60 units of affordable senior housing west of the BART station.

The Agency completed an issuance of \$11.8 million in tax allocation bonds to be repaid with the tax increment from the Project Area. The bonds were issued to fund cost increases for construction projects which were part of the 2004 tax allocation bond issuance. After issuance costs, the net proceeds of the 2006 bonds were approximately \$10.7 million with approximately \$1.3 million for the Cinema Place structure, \$6.6 million for the new Burbank School, \$1.7 for infrastructure improvements, \$0.2 million for the Cannery Park expansion, and \$0.9 million for contingencies.

The Agency funded the development of a conceptual design plan for the South Hayward BART Station/Mission Boulevard area which was completed and adopted by the City in June 2006. The plan area comprises approximately 240 acres centrally located in the broader Mission/Foothill sub-area that was added to the project area in 2001. The design plan is intended to promote transit-oriented development and mixed-use residential/commercial development within walking distance of the South Hayward BART Station. The Plan also addresses development potential on vacant and underutilized properties along Mission Boulevard between Harder Road and Industrial Parkway.

With respect to affordable housing activities, the Agency completed funding a loan to Eden Housing, Inc. in the amount of \$1.8 million from the Low and Moderate Income Housing Fund to develop Sara Conner Court. This project includes 57 units of rental housing affordable to families with incomes from 30% to 60% of median household income. The total project cost was approximately \$18.6 million. Construction was completed and occupied in the fall of 2006. In addition, five loans totaling \$97,400 were funded under the First-Time Homebuyer program in FY 2005-06. These funds were leveraged with approximately \$1,228,000 in private financing and \$113,000 from other public programs, which provided five households the opportunity to become first-time homebuyers. This program is also funded by the Low and Moderate Income Housing Fund.

#### **Agency's Progress in Alleviating Blight** (Pursuant to H&S 33080.1 (d), (e), and (f))

As noted above, the Agency continued to make progress in alleviating blight in several specific ways. During the FY 2005-06 the Agency also filed an eminent domain complaint to acquire the last building in the downtown (913 B Street) that is constructed of unreinforced masonry. The building was in violation of an ordinance passed by the

City that mandates the seismic retrofit of buildings of this type of construction. As a result of the Agency's action, the property owner undertook and completed the seismic retrofit was and the complaint was dismissed in the summer of 2006.

**Status of Agency Loans**  
(Pursuant to H&S 33080 I (d), (e), and (f))

The Agency is not in default on any loans, nor is it out of compliance with respect to any of its existing debt.

## **APPENDIX C**

### **DESCRIPTION OF AGENCY'S ACTIVITIES AFFECTING HOUSING AND DISPLACEMENT**

Redevelopment Agency of the City of Hayward

December 2006

CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
REDEVELOPMENT AGENCY ANNUAL HOUSING ACTIVITY REPORT

FY ENDING: June / 30 / 2006

Agency Name and Address:

County of Jurisdiction:

Redevelopment Agency of the City of Hayward

777 B Street

Hayward, CA 94541

Health & Safety Code Section 33080.1 requires agencies (RDAs) to annually report on their Low & Moderate Income Housing Fund and housing activities for the Department of Housing and Community Development (HCD) to report on RDAs' activities in accordance with Section 33080.6.

Please answer each question below. Your answers determine how to complete the HCD report.

1. Check one of the items below to identify the Agency's status at the end of the reporting period:  
☐ New (Agency formation occurred during reporting year. No financial transactions were completed).  
☒ Active (Financial and/or housing transactions occurred during the reporting year)  
☐ Inactive (No financial and/or housing transactions occurred during the reporting year). ONLY COMPLETE ITEM 7  
☐ Dismantled (Agency adopted an ordinance and dissolved itself before start of reporting year). ONLY COMPLETE ITEM 7
2. During reporting year, how many adopted project areas existed? 1 Of these, how many were merged during year?         
If the agency has one or more adopted project areas, complete SCHEDULE HCD-A for each project area.  
If the agency has no adopted project areas, DO NOT complete SCHEDULE HCD-A (refer to next question).
3. Within an area outside of any adopted project area(s): (a) did the agency destroy or remove any dwelling units or displace any households over the reporting period, (b) does the agency intend to displace any households over the next reporting period, (c) did the agency permit the sale of any owner-occupied unit prior to the expiration of land use controls over the reporting period, and/or (d) did the agency execute a contract or agreement for the construction of any affordable units over the next two years?  
☐ Yes (any question). Complete SCHEDULE HCD-B.  
☒ No (all questions). DO NOT complete SCHEDULE HCD-B (refer to next question).
4. Did the agency's Low & Moderate Income Housing Fund have any assets during the reporting period?  
☒ Yes. Complete SCHEDULE HCD-C.  
☐ No. DO NOT complete SCHEDULE HCD-C.
5. During the reporting period, were housing units completed within a project area and/or assisted by the agency outside a project area?  
☒ Yes. Complete all applicable HCD SCHEDULES D1-D7 for each housing project completed and HCD SCHEDULE E.  
☐ No. DO NOT complete HCD SCHEDULES D1-D7 or HCD SCHEDULE E.
6. Specify whether method A and/or B was used to report financial and housing activity information to HCD:  
☒ A. Forms. All required HCD SCHEDULES A, B, C, D1-D7, and E are attached.  
☐ B. On-line (<http://www.hcd.ca.gov/rda/>) "Lock Report" date:                     . HCD SCHEDULES not required.  
(lock date is shown under "Admin" Area and "Report Change History")
7. To the best of my knowledge: (a) the representations made above and (b) agency information reported are correct.

Date

Signature of Authorized Agency Representative

City Manager/Executive Director

Title

(510) 583-4300

Telephone Number

- IF NOT REQUIRED TO REPORT, SUBMIT ONLY A PAPER COPY OF THIS PAGE.
- IF REQUIRED TO REPORT, AND REPORTING BY USING PAPER FORMS (IN PLACE OF REPORTING ON-LINE), SUBMIT THIS PAGE AND ALL APPLICABLE HCD FORMS (SCHEDULES A-E) WITH A COPY OF AGENCY'S AUDIT.
- IF REPORTING ON-LINE, PRINT AND SUBMIT "CONFIRMATION LETTER" UPON LOCKING REPORT
- MAIL A COPY OF (a) CONFIRMATION LETTER (IF HCD REPORT WAS ELECTRONICALLY FILED) OR (b) COMPLETED FORMS AND (c) AUDIT REPORT TO BOTH HCD AND THE SCO:

Department of Housing & Community Development  
Division of Housing Policy  
Redevelopment Section  
1800 3<sup>rd</sup> Street, Suite 430  
Sacramento, CA 95814

The State Controller  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 500  
Sacramento, CA 95816

**California Redevelopment Agencies-Fiscal Year 2005/2006**  
**Project Area Contributions to Low and Moderate Income Housing Funds**  
**Sch A Project Area Summary Report**  
**HAYWARD RDA**

| <b>Project Area</b>                 | <b>100% of Tax<br/>Increment</b> | <b>20% Set Aside<br/>Requirement</b> | <b>Tax Increment<br/>Allocated</b> | <b>Amount<br/>Exempted</b> | <b>Deferral</b> | <b>Tax Incr.<br/>Deposited to<br/>Hsng Fund</b> | <b>Percent<br/>of Tax<br/>Incr Dep</b> | <b>Repayment<br/>Deferrals</b> | <b>Other<br/>Income</b> | <b>Total<br/>Deposited to<br/>Housing</b> |
|-------------------------------------|----------------------------------|--------------------------------------|------------------------------------|----------------------------|-----------------|-------------------------------------------------|----------------------------------------|--------------------------------|-------------------------|-------------------------------------------|
| <b>DOWNTOWN HAYWARD<br/>PROJECT</b> | <b>\$9,154,816</b>               | <b>\$1,830,963</b>                   | <b>\$1,830,963</b>                 | <b>\$0</b>                 | <b>\$0</b>      | <b>\$1,830,963</b>                              | <b>20.00%</b>                          | <b>\$0</b>                     | <b>\$1,013,741</b>      | <b>\$2,844,704</b>                        |
| <b>Agency Totals:</b>               | <b>\$9,154,816</b>               | <b>\$1,830,963</b>                   | <b>\$1,830,963</b>                 | <b>\$0</b>                 | <b>\$0</b>      | <b>\$1,830,963</b>                              | <b>20.00%</b>                          | <b>\$0</b>                     | <b>\$1,013,741</b>      | <b>\$2,844,704</b>                        |

**Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)**

|         |              |    |       |
|---------|--------------|----|-------|
| Agency  | HAYWARD RDA  |    |       |
| Address | 777 B Street |    |       |
|         | Hayward      | CA | 94541 |

Type: Inside Project Area Status: Active  
Plan Adoption: 1975 Plan Expiration Year: 20471

**Agency Totals For All Project Areas:**

1 Agency's Plan expiration (i.e., last year to receive tax increment)  
is 2047; however HCD online reporting system does not allow user  
to enter year more than 40 years from current fiscal year.



California Redevelopment Agencies - Fiscal Year 2005/2006  
Sch A/B Project Area Program Information  
**HAYWARD RDA**

Project Area: **DOWNTOWN HAYWARD PROJECT**

**FUTURE UNIT CONSTRUCTION**

| <b>Contract Name</b>                                                   | <b>Execution<br/>Date</b> | <b>Estimated<br/>Completion<br/>Date</b> | <b>Very Low</b> | <b>Low</b> | <b>Moderate</b> | <b>Total</b> |
|------------------------------------------------------------------------|---------------------------|------------------------------------------|-----------------|------------|-----------------|--------------|
| Eden Housing Inc. Senior Housing<br>Development at C and Grand Streets | 06/01/06                  | 02/01/09                                 | 60              | 0          | 0               | 60           |

**California Redevelopment Agencies - Fiscal Year 2005/2006  
Status of Low and Moderate Income Housing Funds  
Sch C Agency Financial Summary  
HAYWARD RDA**

| <b>Adjusted<br/>Beginning<br/>Balance</b> | <b>Project<br/>Area<br/>Receipts</b> | <b>Agency<br/>Other<br/>Revenue</b> | <b>Total<br/>Expenses</b> | <b>Net<br/>Resources<br/>Available</b> | <b>Other<br/>Housing<br/>Fund Assets</b> | <b>Total<br/>Housing<br/>Fund Assets</b> | <b>Encum-<br/>brances</b> | <b>* Unen-<br/>cumbered<br/>Balance</b> | <b>Unen-<br/>cumbered<br/>Designated</b> | <b>Unen-<br/>cumbered<br/>Not Dsgntd</b> |
|-------------------------------------------|--------------------------------------|-------------------------------------|---------------------------|----------------------------------------|------------------------------------------|------------------------------------------|---------------------------|-----------------------------------------|------------------------------------------|------------------------------------------|
| \$4,048,098                               | \$2,844,704                          | \$0                                 | \$379,080                 | \$6,513,722                            | \$0                                      | \$6,513,722                              | \$515,000                 | \$5,998,722                             | \$0                                      | \$5,998,722                              |

| <b>Expenses</b> | <b>Planning and<br/>Administration<br/>Costs</b> | <b>Subsidies</b> | <b>Total</b> |
|-----------------|--------------------------------------------------|------------------|--------------|
| 2005/2006       | \$123,106                                        | \$255,974        | \$379,080    |

**\*The Unencumbered Balance is equal to Net Resources Available minus Encumbrances**

**Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)**

California Redevelopment Agencies - Fiscal Year 2005/2006  
Status of Low and Moderate Income Housing Funds  
Sch C Agency Financial and Program Detail  
HAYWARD RDA

|                                       |                                                  |                                  |                    |
|---------------------------------------|--------------------------------------------------|----------------------------------|--------------------|
|                                       | <b>Beginning Balance</b>                         | <b>\$4,048,098</b>               |                    |
|                                       | <b>Adjustment to Beginning Balance</b>           | <b>\$0</b>                       |                    |
|                                       | <b>Adjusted Beginning Balance</b>                | <b>\$4,048,098</b>               |                    |
| <b>Total Tax Increment From PA(s)</b> | <b>\$1,830,963</b>                               | <b>Total Receipts from PA(s)</b> | <b>\$2,844,704</b> |
|                                       | <b>Other Revenues not reported on Schedule A</b> | <b>\$0</b>                       |                    |
|                                       | <b>Sum of Beginning Balance and Revenues</b>     | <b>\$6,892,802</b>               |                    |

| <b>Expenditure Item</b>                    | <b>Subitem</b>                                       | <b>Amount</b>    | <b>Remark</b>                                               |
|--------------------------------------------|------------------------------------------------------|------------------|-------------------------------------------------------------|
| <b>Planning and Administration Costs</b>   |                                                      |                  |                                                             |
| Administration Costs                       |                                                      | \$123,106        |                                                             |
|                                            | <b>Subtotal of Planning and Administration Costs</b> | <b>\$123,106</b> |                                                             |
| <b>Subsidies from the LMIHF</b>            |                                                      |                  |                                                             |
| 1st Time Homebuyer Down Payment Assistance |                                                      | \$166,101        |                                                             |
| Other                                      |                                                      | \$89,873         | \$46,429 bad debt expense and \$43,444 administrative costs |
|                                            | <b>Subtotal of Subsidies from the LMIHF</b>          | <b>\$255,974</b> |                                                             |
|                                            | <b>Total Expenditures</b>                            | <b>\$379,080</b> |                                                             |

**Net Resources Available**      **\$6,513,722**

**Indebtedness For Setasides Deferred**      **\$0**

| <b>Other Housing Fund Assets</b> |                                        |               |               |
|----------------------------------|----------------------------------------|---------------|---------------|
| <b>Category</b>                  |                                        | <b>Amount</b> | <b>Remark</b> |
|                                  | <b>Total Other Housing Fund Assets</b> |               |               |

**Total Fund Equity**      **\$6,513,722**

|                  |                  |                                                             |                                  |                                     |
|------------------|------------------|-------------------------------------------------------------|----------------------------------|-------------------------------------|
| <b>2001/2002</b> | <b>\$745635</b>  |                                                             |                                  |                                     |
| <b>2002/2003</b> | <b>\$1022681</b> |                                                             |                                  |                                     |
| <b>2003/2004</b> | <b>\$1227726</b> | <b>sum of 4 Previous Years' Tax Increment for 2005/2006</b> | <b>Prior Year Ending Unencum</b> | <b>Excess Surplus for 2005/2006</b> |
| <b>2004/2005</b> | <b>\$1407138</b> | <b>\$4403180</b>                                            | <b>\$3,418,373</b>               | <b>\$0</b>                          |

California Redevelopment Agencies - Fiscal Year 2005/2006  
 Status of Low and Moderate Income Housing Funds  
 Sch C Agency Financial and Program Detail  
 HAYWARD RDA

|                                                            |                    |
|------------------------------------------------------------|--------------------|
| <b>Sum of Current and 3 Previous Years' Tax Increments</b> | <b>\$5,488,508</b> |
| <b>Adjusted Balance</b>                                    | <b>\$5,998,722</b> |
| <b>Excess Surplus for next year</b>                        | <b>\$510,214</b>   |
| <b>Net Resources Available</b>                             | <b>\$6,513,722</b> |
| <b>Unencumbered Designated</b>                             | <b>\$0</b>         |
| <b>Unencumbered Undesignated</b>                           | <b>\$5,998,722</b> |
| <b>Total Encumbrances</b>                                  | <b>\$515,000</b>   |
| <b>Unencumbered Balance</b>                                | <b>\$5,998,722</b> |
| <b>Unencumbered Balance Adjusted for Debt Proceeds</b>     | <b>\$0</b>         |
| <b>Unencumbered Balance Adjusted for Land Sales</b>        | <b>\$0</b>         |
| <b>Excess Surplus Expenditure Plan</b>                     | <b>No</b>          |
| <b>Excess Surplus Plan Adoption Date</b>                   |                    |

| Site Improvement Activities Benefiting Households |     |          |          |       |
|---------------------------------------------------|-----|----------|----------|-------|
| Income Level                                      | Low | Very Low | Moderate | Total |

| Land Held for Future Development |              |        |               |                      |        |
|----------------------------------|--------------|--------|---------------|----------------------|--------|
| Site Name                        | Num Of Acres | Zoning | Purchase Date | Estimated Start Date | Remark |

**Use of the Housing Fund to Assist Mortgageors**

|                                  |                                |                               |                                |
|----------------------------------|--------------------------------|-------------------------------|--------------------------------|
| <b>Income Adjustment Factors</b> | <input type="text"/>           | <b>Requirements Completed</b> | <input type="text"/>           |
| <b>Home</b>                      | <b>\$</b> <input type="text"/> | <b>Hope</b>                   | <b>\$</b> <input type="text"/> |

**Non Housing Redevelopment Funds Usage**

**Resource Needs**

| LMIHF Deposits/Withdrawals     |               |                |                 |                                    |
|--------------------------------|---------------|----------------|-----------------|------------------------------------|
| Document Name                  | Document Date | Custodian Name | Custodian Phone | Copy Source                        |
| City of Hayward General Ledger | 30-JUN-06     | Fran David     | (510) 583-4010  | City of Hayward Finance Department |

**California Redevelopment Agencies - Fiscal Year 2005/2006  
Status of Low and Moderate Income Housing Funds  
Sch C Agency Financial and Program Detail  
HAYWARD RDA**

**Achievements**

**Description**

California Redevelopment Agencies - Fiscal Year 2005/2006  
Sch D General Project Information  
HAYWARD RDA

Project Area Name: DOWNTOWN HAYWARD PROJECT

Project Name: Akram Townhomes

Address: 29188-29198 Dixon Street Hayward 94544

Owner Name: Naim Akram

NON ASSISTED PROJECT UNITS

| Category          | vlow | low | mod | amod | Building Permit Number | Building Permit Date |
|-------------------|------|-----|-----|------|------------------------|----------------------|
| New Constructions | 0    | 0   | 6   | 0    |                        |                      |

Project Name: Leung Townhouses

Address: 23239/41/43/45 Dixon Street Hayward 94544

Owner Name: Sylvia and Raymond Leung

NON ASSISTED PROJECT UNITS

| Category          | vlow | low | mod | amod | Building Permit Number | Building Permit Date |
|-------------------|------|-----|-----|------|------------------------|----------------------|
| New Constructions | 0    | 0   | 4   | 0    |                        |                      |

Project Name: ONeil Commons

Address: 733 ONeil Commons Hayward 94544

Owner Name: Noor Wais

NON ASSISTED PROJECT UNITS

| Category          | vlow | low | mod | amod | Building Permit Number | Building Permit Date |
|-------------------|------|-----|-----|------|------------------------|----------------------|
| New Constructions | 0    | 0   | 14  | 0    |                        |                      |

Project Name: Purcell Detached Single Family Townhouses

Address: 24051/55/59/63/71/75/79/83 Alice St. Hayward 94541

Owner Name: Brian Purcell

NON ASSISTED PROJECT UNITS

| Category          | vlow | low | mod | amod | Building Permit Number | Building Permit Date |
|-------------------|------|-----|-----|------|------------------------|----------------------|
| New Constructions | 0    | 0   | 0   | 8    |                        |                      |

California Redevelopment Agencies - Fiscal Year 2005/2006  
Sch D General Project Information  
HAYWARD RDA

**Project Area Name: DOWNTOWN HAYWARD PROJECT**

**Project Name: Samah Townhomes**

**Address: 566/70/74/78/82 Tennyson Road Hayward 94544**

**Owner Name: Noor Wais**

**NON ASSISTED PROJECT UNITS**

| Category          | vlow | low | mod | amod | Building Permit Number | Building Permit Date |
|-------------------|------|-----|-----|------|------------------------|----------------------|
| New Constructions | 0    | 0   | 7   | 0    |                        |                      |

**Project Name: Sara Conner Court**

**Address: 32520 Pulaski Drive Hayward 94544**

**Owner Name: Eden Housing Inc.**

**SPECIAL NEEDS UNITS**

| Category          | Sub Category        | Count |
|-------------------|---------------------|-------|
| Special Need Unit | Special Needs       | 6     |
| Special Need Unit | Disabled (Physical) | 6     |

**UNIT INVENTORY**

|                         |        |             | Very Low | Low | Moderate | Above Mod | Became Ineligible | Total |
|-------------------------|--------|-------------|----------|-----|----------|-----------|-------------------|-------|
| <b>Inclusionary</b>     |        |             |          |     |          |           |                   |       |
| <b>Unit</b>             |        |             |          |     |          |           |                   |       |
| <b>New Construction</b> |        |             |          |     |          |           |                   |       |
| Non-Agency              | Rental | Non-Elderly | 40       | 16  | 1        | 0         | 0                 | 57    |
| <b>Unit Total</b>       |        |             | 40       | 16  | 1        | 0         | 0                 | 57    |

**PROJECT FUNDING SOURCE**

| Funding Source      | Amount      |
|---------------------|-------------|
| Redevelopment Funds | \$1,813,727 |
| Federal Funds       | \$4,850,000 |
| Private Funds       | \$2,924,019 |
| TCAC/State Award    | \$9,621,031 |

California Redevelopment Agencies - Fiscal Year 2005/2006  
Sch D General Project Information  
HAYWARD RDA

**Project Area Name:** DOWNTOWN HAYWARD PROJECT

**Project Name:** Wong Condominlums

**Address:** 545-588 Saint Anton Way Hayward 94541

**Owner Name:** Paul Wong

**NON ASSISTED PROJECT UNITS**-----

| <b>Category</b>   | <b>vlow</b> | <b>low</b> | <b>mod</b> | <b>amod</b> | <b>Building Permit Number</b> | <b>Building Permit Date</b> |
|-------------------|-------------|------------|------------|-------------|-------------------------------|-----------------------------|
| New Constructions | 0           | 0          | 5          | 0           |                               |                             |



California Redevelopment Agencies - Fiscal Year 2005/2006  
Sch D General Project Information  
HAYWARD RDA

**Project Area Name:** OUTSIDE PROJECT AREA

**Project Name:** First Time Homebuyer Program

**Address:** 777 B Street Hayward 94541

**PROJECT FUNDING SOURCE**

| <b>Funding Source</b> | <b>Amount</b> |
|-----------------------|---------------|
| Redevelopment Funds   | \$87,400      |
| State Funds           | \$113,520     |
| Private Funds         | \$1,343,480   |

**SCHEDULE HCD E**  
**CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES**  
*(This Form is Information Only: Actual Obligation is based on Implementation Plan)*

**Report Year: 2005/2006**

**Agency: HAYWARD RDA**

**NOTE:** This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

| <b>PART I</b><br>[H & SC Section 33413(b)(1)]<br><b>AGENCY DEVELOPED</b>                                       |     |
|----------------------------------------------------------------------------------------------------------------|-----|
| 1. New Units                                                                                                   | 0   |
| 2. Substantially Rehabilitated Units                                                                           | 0   |
| 3. Subtotal - Baseline of Units (add line 1 & 2)                                                               | 0   |
| 4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)                              | 0   |
| 5. Subtotal of Inclusionary Obligation Accrued this year for Very-Low Income Units (line 4 x 50%)              | 0   |
| <b>PART II</b><br>[H & SC Section 33413(b)(2)]<br><b>NON-AGENCY DEVELOPED UNITS</b>                            |     |
| 6. New Units                                                                                                   | 101 |
| 7. Substantially Rehabilitated Units                                                                           | 0   |
| 8. Subtotal - Baseline of Units (add lines 6 & 7)                                                              | 101 |
| 9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)                              | 16  |
| 10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)             | 5   |
| <b>PART III</b><br><b>TOTALS</b>                                                                               |     |
| 11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)                        | 16  |
| 12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10) | 5   |

**SCHEDULE HCD E1**  
**CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES**  
*(This Form is Information Only: Actual Obligation is based on Implementation Plan)*

**Report Year: 2005/2006**

**Agency: HAYWARD RDA**

**Project Area: DOWNTOWN HAYWARD PROJECT**

**Project: AKRAM TOWNHOMES**

**NOTE:** This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

**PART I**  
[H & SC Section 33413(b)(1)]  
**AGENCY DEVELOPED**

|                                                                                                   |   |
|---------------------------------------------------------------------------------------------------|---|
| 1. New Units                                                                                      | 0 |
| 2. Substantially Rehabilitated Units                                                              | 0 |
| 3. Subtotal - Baseline of Units (add line 1 & 2)                                                  | 0 |
| 4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)                 | 0 |
| 5. Subtotal of Inclusionary Obligation Accrued this year for Very-Low Income Units (line 4 x 50%) | 0 |

**PART II**  
[H & SC Section 33413(b)(2)]  
**NON-AGENCY DEVELOPED UNITS**

|                                                                                                    |   |
|----------------------------------------------------------------------------------------------------|---|
| 6. New Units                                                                                       | 6 |
| 7. Substantially Rehabilitated Units                                                               | 0 |
| 8. Subtotal - Baseline of Units (add lines 6 & 7)                                                  | 6 |
| 9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)                  | 1 |
| 10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%) | 0 |

**PART III**  
**TOTALS**

|                                                                                                                |   |
|----------------------------------------------------------------------------------------------------------------|---|
| 11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)                        | 1 |
| 12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10) | 0 |

**SCHEDULE HCD E1**  
**CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES**  
*(This Form is Information Only: Actual Obligation is based on Implementation Plan)*

**Report Year: 2005/2006**

**Agency: HAYWARD RDA**

**Project Area: DOWNTOWN HAYWARD PROJECT**

**Project: LEUNG TOWNHOUSES**

**NOTE:** This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

**PART I**  
[H & SC Section 33413(b)(1)]  
**AGENCY DEVELOPED**

|                                                                                                   |   |
|---------------------------------------------------------------------------------------------------|---|
| 1. New Units                                                                                      | 0 |
| 2. Substantially Rehabilitated Units                                                              | 0 |
| 3. Subtotal - Baseline of Units (add line 1 & 2)                                                  | 0 |
| 4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)                 | 0 |
| 5. Subtotal of Inclusionary Obligation Accrued this year for Very-Low Income Units (line 4 x 50%) | 0 |

**PART II**  
[H & SC Section 33413(b)(2)]  
**NON-AGENCY DEVELOPED UNITS**

|                                                                                                    |   |
|----------------------------------------------------------------------------------------------------|---|
| 6. New Units                                                                                       | 4 |
| 7. Substantially Rehabilitated Units                                                               | 0 |
| 8. Subtotal - Baseline of Units (add lines 6 & 7)                                                  | 4 |
| 9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)                  | 1 |
| 10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%) | 0 |

**PART III**  
**TOTALS**

|                                                                                                                |   |
|----------------------------------------------------------------------------------------------------------------|---|
| 11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)                        | 1 |
| 12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10) | 0 |

**SCHEDULE HCD E1**  
**CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES**  
*(This Form is Information Only: Actual Obligation is based on Implementation Plan)*

**Report Year: 2005/2006**

**Agency: HAYWARD RDA**

**Project Area: DOWNTOWN HAYWARD PROJECT**

**Project: ONEIL COMMONS**

**NOTE:** This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

**PART I**  
[H & SC Section 33413(b)(1)]  
**AGENCY DEVELOPED**

|                                                                                                   |   |
|---------------------------------------------------------------------------------------------------|---|
| 1. New Units                                                                                      | 0 |
| 2. Substantially Rehabilitated Units                                                              | 0 |
| 3. Subtotal - Baseline of Units (add line 1 & 2)                                                  | 0 |
| 4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)                 | 0 |
| 5. Subtotal of Inclusionary Obligation Accrued this year for Very-Low Income Units (line 4 x 50%) | 0 |

**PART II**  
[H & SC Section 33413(b)(2)]  
**NON-AGENCY DEVELOPED UNITS**

|                                                                                                    |    |
|----------------------------------------------------------------------------------------------------|----|
| 6. New Units                                                                                       | 14 |
| 7. Substantially Rehabilitated Units                                                               | 0  |
| 8. Subtotal - Baseline of Units (add lines 6 & 7)                                                  | 14 |
| 9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)                  | 2  |
| 10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%) | 1  |

**PART III**  
**TOTALS**

|                                                                                                                |   |
|----------------------------------------------------------------------------------------------------------------|---|
| 11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)                        | 2 |
| 12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10) | 1 |

**SCHEDULE HCD E1**  
**CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES**  
*(This Form is Information Only: Actual Obligation is based on Implementation Plan)*

**Report Year: 2005/2006**

**Agency: HAYWARD RDA**

**Project Area: DOWNTOWN HAYWARD PROJECT**

**Project: PURCELL DETACHED SINGLE FAMILY TOWNHOUSES**

**NOTE:** This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

**PART I**  
[H & SC Section 33413(b)(1)]  
**AGENCY DEVELOPED**

|                                                                                                   |   |
|---------------------------------------------------------------------------------------------------|---|
| 1. New Units                                                                                      | 0 |
| 2. Substantially Rehabilitated Units                                                              | 0 |
| 3. Subtotal - Baseline of Units (add line 1 & 2)                                                  | 0 |
| 4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)                 | 0 |
| 5. Subtotal of Inclusionary Obligation Accrued this year for Very-Low Income Units (line 4 x 50%) | 0 |

**PART II**  
[H & SC Section 33413(b)(2)]  
**NON-AGENCY DEVELOPED UNITS**

|                                                                                                    |   |
|----------------------------------------------------------------------------------------------------|---|
| 6. New Units                                                                                       | 8 |
| 7. Substantially Rehabilitated Units                                                               | 0 |
| 8. Subtotal - Baseline of Units (add lines 6 & 7)                                                  | 8 |
| 9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)                  | 1 |
| 10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%) | 0 |

**PART III**  
**TOTALS**

|                                                                                                                |   |
|----------------------------------------------------------------------------------------------------------------|---|
| 11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)                        | 1 |
| 12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10) | 0 |

**SCHEDULE HCD E1**  
**CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES**  
*(This Form is Information Only: Actual Obligation is based on Implementation Plan)*

**Report Year: 2005/2006**

**Agency: HAYWARD RDA**

**Project Area: DOWNTOWN HAYWARD PROJECT**

**Project: SAMAH TOWNHOMES**

**NOTE:** This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

**PART I**  
[H & SC Section 33413(b)(1)]  
**AGENCY DEVELOPED**

|                                                                                                   |   |
|---------------------------------------------------------------------------------------------------|---|
| 1. New Units                                                                                      | 0 |
| 2. Substantially Rehabilitated Units                                                              | 0 |
| 3. Subtotal - Baseline of Units (add line 1 & 2)                                                  | 0 |
| 4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)                 | 0 |
| 5. Subtotal of Inclusionary Obligation Accrued this year for Very-Low Income Units (line 4 x 50%) | 0 |

**PART II**  
[H & SC Section 33413(b)(2)]  
**NON-AGENCY DEVELOPED UNITS**

|                                                                                                    |   |
|----------------------------------------------------------------------------------------------------|---|
| 6. New Units                                                                                       | 7 |
| 7. Substantially Rehabilitated Units                                                               | 0 |
| 8. Subtotal - Baseline of Units (add lines 6 & 7)                                                  | 7 |
| 9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)                  | 1 |
| 10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%) | 0 |

**PART III**  
**TOTALS**

|                                                                                                                |   |
|----------------------------------------------------------------------------------------------------------------|---|
| 11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)                        | 1 |
| 12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10) | 0 |

**SCHEDULE HCD E1**  
**CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES**  
*(This Form is Information Only: Actual Obligation is based on Implementation Plan)*

**Report Year: 2005/2006**

**Agency: HAYWARD RDA**

**Project Area: DOWNTOWN HAYWARD PROJECT**

**Project: SARA CONNER COURT**

**NOTE:** This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

**PART I**  
[H & SC Section 33413(b)(1)]  
**AGENCY DEVELOPED**

|                                                                                                   |   |
|---------------------------------------------------------------------------------------------------|---|
| 1. New Units                                                                                      | 0 |
| 2. Substantially Rehabilitated Units                                                              | 0 |
| 3. Subtotal - Baseline of Units (add line 1 & 2)                                                  | 0 |
| 4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)                 | 0 |
| 5. Subtotal of Inclusionary Obligation Accrued this year for Very-Low Income Units (line 4 x 50%) | 0 |

**PART II**  
[H & SC Section 33413(b)(2)]  
**NON-AGENCY DEVELOPED UNITS**

|                                                                                                    |    |
|----------------------------------------------------------------------------------------------------|----|
| 6. New Units                                                                                       | 57 |
| 7. Substantially Rehabilitated Units                                                               | 0  |
| 8. Subtotal - Baseline of Units (add lines 6 & 7)                                                  | 57 |
| 9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)                  | 9  |
| 10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%) | 4  |

**PART III**  
**TOTALS**

|                                                                                                                |   |
|----------------------------------------------------------------------------------------------------------------|---|
| 11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)                        | 9 |
| 12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10) | 4 |



**SCHEDULE HCD E1**  
**CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES**  
*(This Form is Information Only: Actual Obligation is based on Implementation Plan)*

**Report Year: 2005/2006**

**Agency: HAYWARD RDA**

**Project Area: DOWNTOWN HAYWARD PROJECT**

**Project: WONG CONDOMINIUMS**

**NOTE:** This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

**PART I**  
[H & SC Section 33413(b)(1)]  
**AGENCY DEVELOPED**

|                                                                                                   |   |
|---------------------------------------------------------------------------------------------------|---|
| 1. New Units                                                                                      | 0 |
| 2. Substantially Rehabilitated Units                                                              | 0 |
| 3. Subtotal - Baseline of Units (add line 1 & 2)                                                  | 0 |
| 4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)                 | 0 |
| 5. Subtotal of Inclusionary Obligation Accrued this year for Very-Low Income Units (line 4 x 50%) | 0 |

**PART II**  
[H & SC Section 33413(b)(2)]  
**NON-AGENCY DEVELOPED UNITS**

|                                                                                                    |   |
|----------------------------------------------------------------------------------------------------|---|
| 6. New Units                                                                                       | 5 |
| 7. Substantially Rehabilitated Units                                                               | 0 |
| 8. Subtotal - Baseline of Units (add lines 6 & 7)                                                  | 5 |
| 9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)                  | 1 |
| 10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%) | 0 |

**PART III**  
**TOTALS**

|                                                                                                                |   |
|----------------------------------------------------------------------------------------------------------------|---|
| 11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)                        | 1 |
| 12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10) | 0 |

**APPENDIX D**  
**STATEMENT OF INDEBTEDNESS**

Redevelopment Agency of the City of Hayward

December 2006

# STATEMENT OF INDEBTEDNESS - CONSOLIDATED FILED FOR THE 2006-2007 TAX YEAR

Cover Page

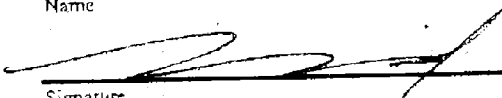
Name of Redevelopment Agency  
Name of Project Area

Hayward Redevelopment Agency  
Downtown Hayward Redevelopment Project Area

| Balances Carried Forward From: |                                                                      | Current                   |                                           |
|--------------------------------|----------------------------------------------------------------------|---------------------------|-------------------------------------------|
|                                |                                                                      | Total<br>Outstanding Debt | Principal/Interest<br>Due During Tax Year |
| Line                           |                                                                      |                           |                                           |
| (1)                            | Fiscal Period - Totals (From Form A, Page 1 Totals)                  | 146,888,936               | 6,240,011                                 |
| (2)                            | (Optional)<br>Post Fiscal Period - Totals (From Form B Totals)       |                           |                                           |
| (3)                            | Grand Totals                                                         | 146,888,936               | 6,240,011                                 |
| (4)                            | Available Revenues<br>From Calculation of Available Revenues, Line 7 | 4,847,849                 |                                           |
| (5)                            | Net Requirement                                                      | 142,041,087               |                                           |

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code Section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of Indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer:  
Pursuant to Section 33675 (b) of the Health and Safety Code,  
I hereby certify that the above is a true and accurate Statement  
of Indebtedness for the above named agency.

FRAN DAVID ASST CM  
Name Title  
 9/28/06  
Signature Date

**STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS  
FILED FOR THE 2006-2007 TAX YEAR**

Form A  
Page 1 of 1

Name of Redevelopment Agency Hayward Redevelopment Agency  
Name of Project Area Downtown Hayward Redevelopment Project Area

For Indebtedness Entered into as of June 30, 2006

| Debt Identification                                             | Original Data   |                          |            |               |                | Current                |                                        |
|-----------------------------------------------------------------|-----------------|--------------------------|------------|---------------|----------------|------------------------|----------------------------------------|
|                                                                 | Date            | Principal                | Term       | Interest Rate | Total Interest | Total Outstanding Debt | Principal/Interest Due During Tax Year |
| A 20% Low & Mod Income Housing Set-Aside Required by H & S Code | As of 6/30/2006 | Based on O/S Debt        | Until Paid | N/A           | N/A            | 29,377,787             | 1,900,000                              |
| B 2004 RDA Tax Allocation Bonds                                 | 5/20/2004       | 44,790,000               | 3/1/2027   | 3% - 5.23%    | 35,677,904     | 76,029,747             | 2,791,732                              |
| C Advance from City of Hayward - Water Enterprise Fund Loan     | 6/1/1990        | 5,946,333                | 6/1/2013   | 7.506%        | N/A            | 2,128,196              | 360,000                                |
| D Advance from City of Hayward - Sewer Fund Loan                | 6/30/2003       | 2,350,000                | 3/31/2010  | 2.25% - 3%    | 306,253        | 2,232,500              | 470,000                                |
| E Advance from City of Hayward - Deferred Development Fee       | 6/30/2004       | 546,715                  | 7/30/2005  | N/A           | N/A            | 0                      |                                        |
| F Repayment Agreement from City                                 | 7/30/2000       | 14,386,217               | Until Paid | N/A           | N/A            | 11,186,217             |                                        |
| G Due to Other Governments                                      | As of 6/30/2006 | Based on Fiscal Year End | Until Paid | N/A           | N/A            | 532,976                |                                        |
| H 2006 RDA Tax Allocation Bonds                                 | 6/30/2006       | 11,800,000               | 3/1/2036   | 4.797%        | 13,273,218     | 25,073,218             | 389,984                                |
| I Payables from Operations - Tax Year                           | As of 6/30/2006 | N/A                      | 1 Yr.      | N/A           | N/A            | 328,295                | 328,295                                |
| J Pass-Thru Obligations - Fiscal Year                           | As of 6/30/2006 | N/A                      | 1 Yr.      | N/A           | N/A            | 0                      |                                        |
| K ERAF Shift Obligation - Fiscal Year                           | As of 6/30/2006 | N/A                      | 1 Yr.      | N/A           | N/A            | 0                      |                                        |
| Subtotal, This page                                             |                 |                          |            |               |                | 146,888,936            | 6,240,011                              |
| Totals forward From All Other Pages                             |                 |                          |            |               |                | 0                      | 0                                      |
| Totals, Fiscal Year indebtedness                                |                 |                          |            |               |                | 146,888,936            | 6,240,011                              |

Purpose of Indebtedness:

- A Low & Mod Income Housing Set-Aside pursuant to H&S Sec. 3334.2
- B Finance various redevelopment projects
- C Finance various redevelopment projects
- D Downtown sidewalk & streetscape project - phase II
- E Construction of housing units
- F Redevelopment project costs advanced by the city

- G Accrued liability reserve due to other governments
- H Finance various redevelopment projects
- I Tax Year operating requirements
- J Pursuant to Health and Safety Code
- K Pursuant to Health and Safety Code

# RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 1

Name of Agency Hayward Redevelopment Agency  
Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2006 -2007

Reconciliation Dates: From July 1, 2005 To June 30, 2006

|                      |            | A                                   |  | B                    |  | C                    |  | D                   |  | E           | F |
|----------------------|------------|-------------------------------------|--|----------------------|--|----------------------|--|---------------------|--|-------------|---|
| Debt Identification: |            | Outstanding Debt                    |  | Adjustments          |  | Amounts Paid Against |  | Indebtedness, from: |  | Remaining   |   |
| SOI, page and line:  |            | All Beginning                       |  | Increases            |  | Decreases            |  | Tax Increment       |  | Other Funds |   |
| Prior Yr             | Current Yr | Indebtedness                        |  | (Attach Explanation) |  | (Attach Explanation) |  |                     |  |             |   |
| Pg                   | Pg         | Brief Description                   |  |                      |  |                      |  |                     |  |             |   |
| Line                 | Line       |                                     |  |                      |  |                      |  |                     |  |             |   |
| Pg 1                 | Pg 1       | 20% Low & Mod Income Housing        |  |                      |  |                      |  |                     |  |             |   |
| Line A               | Line A     | Set-Aside Required by H & S Code    |  | 24,218,048           |  | 6,990,702            |  | 1,830,963           |  | 29,377,787  |   |
| Pg 1                 | Pg 1       |                                     |  |                      |  |                      |  |                     |  |             |   |
| Line B               | Line B     | 2004 RDA Tax Allocation Bonds       |  | 78,824,328           |  |                      |  | 2,794,581           |  | 76,029,747  |   |
| Pg 1                 | Pg 1       | Advance from City of Hayward -      |  |                      |  |                      |  |                     |  |             |   |
| Line C               | Line C     | Water Enterprise Fund Loan          |  | 2,478,196            |  | 194,000              |  | 544,000             |  | 2,128,196   |   |
| Pg 1                 | Pg 1       | Advance from City of Hayward -      |  |                      |  |                      |  |                     |  |             |   |
| Line D               | Line D     | Sewer Fund Loan                     |  | 2,350,000            |  | 66,791               |  | 184,291             |  | 2,232,500   |   |
| Pg 1                 | Pg 1       | Advance from City of Hayward -      |  |                      |  |                      |  |                     |  |             |   |
| Line E               | Line E     | Deferred Development Fee            |  | 325,163              |  |                      |  | 325,163             |  |             |   |
| Pg 1                 | Pg 1       |                                     |  |                      |  |                      |  |                     |  |             |   |
| Line F               | Line F     | Repayment Agreement from City       |  | 11,186,217           |  |                      |  |                     |  | 11,186,217  |   |
| Pg 1                 | Pg 1       |                                     |  |                      |  |                      |  |                     |  |             |   |
| Line G               | Line G     | Due to Other Governments            |  | 320,596              |  | 212,380              |  |                     |  | 532,976     |   |
| Pg 1                 | Pg 1       |                                     |  |                      |  |                      |  |                     |  |             |   |
| Line New             | Line H     | 2006 RDA Tax Allocation Bonds       |  |                      |  | 25,512,310           |  | 439,092             |  | 25,073,218  |   |
| Pg 1                 | Pg 1       |                                     |  |                      |  |                      |  |                     |  |             |   |
| Line K               | Line I     | Payables from Operations - Tax Year |  | 1,165,138            |  | 517,628              |  | 1,354,471           |  | 328,295     |   |
| Pg 2                 | Pg 1       |                                     |  |                      |  |                      |  |                     |  |             |   |
| Line A               | Line J     | Pass-Thru Obligations - Fiscal Year |  |                      |  | 485,091              |  | 485,091             |  |             |   |
| Pg 2                 | Pg 1       |                                     |  |                      |  |                      |  |                     |  |             |   |
| Line B               | Line K     | ERAF Shift Obligation - Fiscal Year |  |                      |  | 529,767              |  | 529,767             |  |             |   |
| TOTAL THIS PAGE      |            |                                     |  | 120,867,686          |  | 34,508,669           |  | 8,487,419           |  | 146,888,936 |   |
| TOTALS FORWARD       |            |                                     |  |                      |  |                      |  |                     |  |             |   |
| GRAND TOTALS         |            |                                     |  | 120,867,686          |  | 34,508,669           |  | 8,487,419           |  | 146,888,936 |   |

**NOTE:** This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to the fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

# EXPLANATIONS OF INCREASES/DECREASES FROM RECONCILIATION STATEMENT

Page 1 of 1

Name of Agency Hayward Redevelopment Agency  
 Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2006 -2007

| Reconciliation Statement References |                   | Explanation                                                  |
|-------------------------------------|-------------------|--------------------------------------------------------------|
| Current Yr                          | Brief Description |                                                              |
| Pg 1<br>Line A                      |                   | Increase - Adjust set-aside relative to RDA outstanding debt |
| Pg 1<br>Line C                      |                   | Increase - Fiscal year accrued interest                      |
| Pg 1<br>Line D                      |                   | Increase - Fiscal year accrued interest                      |
| Pg 1<br>Line G                      |                   | Increase - Accrue liability reserve due to other governments |
| Pg 1<br>Line H                      |                   | Increase - Proceeds of bond financing                        |
| Pg 1<br>Line I                      |                   | Increase - Adjust to year end payable estimate               |
| Pg 1<br>Line J                      |                   | Increase - Fiscal year pass-thru obligation                  |
| Pg 1<br>Line K                      |                   | Increase - Fiscal year ERAF shift obligation                 |
| Pg<br>Line                          |                   |                                                              |
| Pg<br>Line                          |                   |                                                              |
| Pg<br>Line                          |                   |                                                              |
| Pg<br>Line                          |                   |                                                              |

Appendix D - Page 4

## CALCULATION OF AVAILABLE REVENUES

Name of Agency Hayward Redevelopment Agency  
 Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2006 -2007

Reconciliation Dates: From July 1, 2005 To June 30, 2006

|                                                                                                                                                 |                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 1. Beginning Balance, Available Revenues<br>(See Instructions)                                                                                  | <u>\$4,090,107</u>          |
| 2. Tax Increment Received - Gross<br>All Tax Increment Revenues, to include any Tax Increment<br>passed through to other local taxing agencies. | <u>9,154,816</u>            |
| 3. All other Available Revenues Received<br>(See Instructions)                                                                                  | <u>90,345</u>               |
| 4. Revenues from any other source, included<br>in Column E of the Reconciliation<br>Statement, but not included in (1-3) above                  | <u>                    </u> |
| 5. Sum of Lines 1 through 4                                                                                                                     | <u>13,335,268</u>           |
| 6. Total amounts paid against indebtedness<br>in previous year (D + E on Reconciliation Statement)                                              | <u>8,487,419</u>            |
| 7. Available Revenues, End of Year (5 - 6)<br><b>FORWARD THIS AMOUNT TO STATEMENT ON INDEBTEDNESS,<br/>COVER PAGE, LINE 4</b>                   | <u><u>\$4,847,849</u></u>   |

### NOTES

#### Tax Increment Revenues:

The only amount(s) to be excluded as Tax Increment Revenue are any amounts passed through to other local taxing agencies pursuant to Health and Safety Code Section 33676. Tax increment Revenues set-aside in the Low and Moderate Income Housing Fund will be washed in the above calculation, and therefore omitted from Available Revenues at year end.

#### Item 4, above:

This represents any payments from any source other than Tax Increment OR available revenues. For instance, an agency funds a project with a bond issue. The previous SOL included a Disposition and Development Agreement (DDA) which was fully satisfied with these bond proceeds. The DDA would be shown on the Reconciliation Statement as fully repaid under the "other" column (Col E), but with funds that were neither Tax Increment, nor "Available Revenues" as defined. The amounts used to satisfy this DDA would be included on line 4 above in order to accurately determine ending "Available Revenues".

# DRAFT

## HAYWARD CITY COUNCIL

RESOLUTION NO. 06-

Introduced by Council Member \_\_\_\_\_

*me*  
*12/7/06*

### RESOLUTION ADOPTING THE ANNUAL REPORT OF REDEVELOPMENT AGENCY ACTIVITIES FOR FISCAL YEAR 2005-06

BE IT RESOLVED that the City Council of the City of Hayward hereby acknowledges receipt of the "Annual Report of Redevelopment Agency Activities for FY 2005-06" and directs that the report be filed with the Office of the State Controller.

IN COUNCIL, HAYWARD, CALIFORNIA December, 2006

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:  
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward



**DRAFT**

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA- 06-

Introduced by Agency Member \_\_\_\_\_

RESOLUTION ADOPTING THE ANNUAL REPORT OF  
REDEVELOPMENT AGENCY ACTIVITIES FOR FISCAL  
YEAR 2005-06

BE IT RESOLVED by the Redevelopment Agency of the City of Hayward that it does hereby adopt the "Annual Report of Redevelopment Agency Activities for FY 2005-06" and directs that the report be filed with the Office of the State Controller.

BE IT FURTHER RESOLVED that the Redevelopment Agency of the City of Hayward hereby forwards a copy of the annual report to the City Council of the City of Hayward for its review and appropriate action.

HAYWARD, CALIFORNIA \_\_\_\_\_, 2006

ADOPTED BY THE FOLLOWING VOTE:

AYES: AGENCY MEMBERS:

CHAIR :

NOES: AGENCY MEMBERS:

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ATTEST: \_\_\_\_\_

Secretary of the Redevelopment Agency  
of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel